THE CONTRIBUTION OF THE DEPARTMENT FOR INTERNATIONAL DEVELOPMENT (DFID) TO RURAL DEVELOPMENT IN GHANA

BY
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(10201541)

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LEGON
JULY 2015
DECLARATION

I, Emmanuel Hol-Oduro, hereby declare that this dissertation is a result of an original research conducted by me under the supervision of Dr. Peace A. Medie and that no part of this work has been submitted anywhere else for any other purpose.

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EMMANUEL HOL-ODURO DR. PEACE A. MEDIE
(STUDENT) (SUPERVISOR)

DATE......................................... DATE...........................................

University of Ghana http://ugspace.ug.edu.gh
DEDICATION

I dedicate this work to the almighty God and my family
ACKNOWLEDGEMENTS

My sincere appreciation goes to the Almighty God for the guidance and wisdom given me throughout this project work. I wish to equally express my profound gratitude to my supervisor Dr. Peace Medie for her patience, time, invaluable guidance and constructive criticism towards the success of this work. I also wish to thank my family for supporting me to get this work finalised.

My sincere thanks also go to all my friends, without whose encouragement and advices this work wouldn't have come to a successful completion. I also thank the staff in charge of DFID’s programs at the British High Commission and Ministry of Foreign affairs & Regional Integration for their patience and time during the collection of data for this project. Finally, my profound gratitude goes to the Director, Senior Members, and non-teaching staff of the Legon Centre for International Affairs and Diplomacy (LECIAD).
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<tr>
<th>Abbreviation</th>
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<tbody>
<tr>
<td>AAA</td>
<td>Accra Agenda for Action</td>
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<tr>
<td>ADMD</td>
<td>Aid and Debt Management Division</td>
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<td>AfDB</td>
<td>African Development Bank</td>
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<td>AFRODAD</td>
<td>African Forum and Network on Debt and Development</td>
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<td>AGD</td>
<td>Attorney General's Department</td>
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<td>BOG</td>
<td>Bank of Ghana</td>
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<td>BOP</td>
<td>Balance of Payment</td>
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<td>CAGD</td>
<td>Controller and Accountant General’s Department</td>
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<td>CG</td>
<td>Consultative Group</td>
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<td>CHRAJ</td>
<td>Commission on Human Rights and Administrative Justice</td>
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<td>CSO</td>
<td>Civil Society Organizations</td>
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<td>DAC</td>
<td>Development Assistance Committee</td>
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<td>DANIDA</td>
<td>Danish International Development Agency</td>
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<td>DCR</td>
<td>Development Cooperation Report</td>
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<td>DFID</td>
<td>Department for International Development</td>
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<td>DP</td>
<td>Development Partners</td>
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<td>EC</td>
<td>Electoral Commission</td>
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<td>EDF</td>
<td>European Development Fund</td>
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<td>EIB</td>
<td>European Investment Bank</td>
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<td>EPCC</td>
<td>Economic Policy and Coordinating Committee</td>
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<td>ERA</td>
<td>Emergency Relief Assistance</td>
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<td>ERMD</td>
<td>External Resource Mobilization Division</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>ERP</td>
<td>Economic Reform Program</td>
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<td>EU</td>
<td>European Union</td>
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<td>FCUBE</td>
<td>Free Compulsory Universal Basic Education</td>
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<td>FOA</td>
<td>Food Aid</td>
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<td>GAF</td>
<td>Ghana Armed Forces</td>
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<td>GAFCSC</td>
<td>Ghana Armed Forces Command and Staff College</td>
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<tr>
<td>GDP</td>
<td>Gross Domestic Product</td>
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<td>GIPC</td>
<td>Ghana Investment Promotion Centre</td>
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<td>GIZ</td>
<td>German International Cooperation</td>
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<td>G-JAS</td>
<td>Ghana Joint Assistance Strategy</td>
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<td>GNI</td>
<td>Gross National Income</td>
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<td>GOG</td>
<td>Government of Ghana</td>
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<td>GSGDA</td>
<td>Ghana Shared Growth Development Agenda</td>
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<td>HIPC</td>
<td>Heavily Indebted Poor Countries</td>
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<td>IMF</td>
<td>International Monetary Fund</td>
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<td>IPA</td>
<td>Investment Project Assistance</td>
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<td>ISSER</td>
<td>Institute of Statistical Social and Economic Research</td>
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<td>JICA</td>
<td>Japan International Cooperation Agency</td>
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<td>MDA</td>
<td>Multilateral Donor Assistance</td>
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<td>MDBS</td>
<td>Multi-Donor Budget Support</td>
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<td>MDGs</td>
<td>Millennium Development Goals</td>
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<td>MDRI</td>
<td>Multilateral Debt Relief Initiative</td>
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<td>MoF</td>
<td>Ministry of Finance</td>
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<td>MOH</td>
<td>Ministry of Health</td>
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<td>NGO</td>
<td>Non-Governmental Organization</td>
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<td>Acronym</td>
<td>Description</td>
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<tr>
<td>ODA</td>
<td>Overseas Development Assistance</td>
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<td>OECD</td>
<td>Organization for Economic Cooperation and Development</td>
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<td>OPEC</td>
<td>Organization of Petroleum Exporting Countries</td>
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<td>PBB</td>
<td>Program Budgetary Aid or Balance of Payments Support</td>
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<td>PD</td>
<td>Paris Declaration</td>
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<td>PIU</td>
<td>Project Implementation Units</td>
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<td>SAP</td>
<td>Structural Adjustment Programme</td>
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<td>SSA</td>
<td>Sub-Saharan Africa</td>
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<td>SWG</td>
<td>Sector Working Group</td>
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<td>TA</td>
<td>Technical Assistance</td>
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<td>TEN</td>
<td>Tweneboa-Enyenra-Ntomme</td>
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<tr>
<td>UK</td>
<td>United Kingdom</td>
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<td>UKTI</td>
<td>UK Trade and Investment</td>
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<td>UN</td>
<td>United Nations</td>
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<td>UNDP</td>
<td>United Nation Development Programme</td>
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<td>USA</td>
<td>United States of America</td>
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ABSTRACT

Development aid continues to play an important role in the economies of developing countries. It is an important capital injection for most African states, including Ghana. This study assesses the contribution of the Department for International Development (DFID) to rural development in Ghana. It also, reviews and describes DFID’s development interventions in line with Ghana’s national development blueprint, the Ghana Shared Growth and Development Agenda (GSGDA). Based on interviews and secondary sources, the study concluded that the DFID plays a significant role in rural development, despite funding constraints. Its development interventions are in the area of health, education, poverty reduction, wealth creation and governance, thus complementing Ghana’s effort toward meeting the Millennium Development Goals (MDGs). The study recommends that the Nation Development Planning Commission (NDPC) coordinates all development aid activities in order to target development trapped sectors and to avoid duplications, especially in rural communities. Also, Ghana should reduce its overdependence on development aid and redirect its effort towards domestic capital accumulation for development interventions in rural communities to promote national growth.
CHAPTER ONE
RESEARCH DESIGN

1.1 Background of the Study

The development problems of Third World countries, especially those in the tropics, are enormous. The idea of the Third World represents countries in Africa, Asia, Latin America and the Caribbean that are considered underdeveloped on a variety of characteristics such as, low Gross Domestic Product (GDP), low life expectancy, high rates of poverty and disease amongst others.\(^1\) This partly explains why almost all countries in the tropical region are heavily dependent on foreign aid, which generally comprise the provision of financial and technical support by developed or newly emerging economies to relatively less developed ones. The term foreign aid is synonymous with foreign assistance, development aid, international aid, or overseas development assistance.\(^2\) According to the Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD), foreign aid refers to financial flows, technical assistance, and commodities that are designed to promote economic development and welfare of the citizenry of a particular country. These flows are either in the form of grants or subsidized loans excluding military aid or other non-development purposes.\(^3\) Also, a loan is referred to as aid if it has a “grant element” of 25 percent or more.\(^4\)

Foreign aid is traditionally aimed at augmenting the development efforts of developing countries and Africa receives the biggest share of global aid. The record of western aid to Africa has been significant, amounting to more than US$500 billion between 1960 and 1997.\(^5\) The world’s leading powers in July, 2005 agreed to double the global anti-poverty aid to US$50 billion a year by 2010 with half of the funding going to Africa. Some
development experts argue that well-targeted spending can obliterate the worst effects of poverty in Africa.\(^6\)

In Africa, two thirds of the population live and work in rural agricultural areas, representing 65 percent of jobs in Sub-Saharan Africa. Yet, rural areas have been undervalued by governments, international development lenders and policy advisers. As a consequence, per capita food production has barely grown over the last 50 years. Agriculture represents only 17 percent of the GDP of Sub-Sahara Africa, and its productivity is low and even declining. It is not surprising that over 60 percent of rural people live in extreme poverty, and many flee to the cities, where they usually swell the ranks of the unemployed or the informal workforce.\(^7\)

Ghana is one of the African countries most dependent on foreign aid. Between 1984 and 2003, for instance, Ghana received an average of US$580.8 million (that is, US$34.2 aid per capita) annually as public (official) aid.\(^8\) By 2005, aid per capita of the country rose to US$51.\(^9\) According to Robert Osei, over the last 50 years, aid to Ghana has far outstripped that which many other developing countries have received.\(^10\) Are these international supports properly channelled towards developmental purposes, especially in rural areas?

In Ghana, the rural areas are home to about 48 percent of the population.\(^11\) Rural communities are fraught with consistent economic, social, and environmental deprivations, coupled with sustained years of infrastructural decline, causing reduction in living standards of the people. The rural population has been reduced consistently because residents can no longer withstand the hardships within their locality and are, therefore, finding refuge in urban areas.\(^12\) Over the years, the rural areas have been neglected and sacrificed for urban areas, with development opportunities channelled to urban cities of which the trend has been consistent. On the other hand, economic conditions continue to be a major burden to the survival of the rural population, especially the rural poor, despite several coping and
adaptation strategies. This action, sometimes results in rural-urban migration causing urban growth and its consequences that follow all retarding economic growth. What are the responses of government, development partners, development planners and civil society organizations (CSOs) in reversing this trend? It is, therefore, imperative that initiatives to combat the rural development retardation should not be further delayed.

The attention and actions of development partners to complement government’s effort in reversing the development challenges of rural areas in Ghana is necessary and worth investigating. In Ghana, the presence of development agencies abounds in every region of the country, with each pursuing well streamlined interventions such as education, health, agriculture, financial assistance, capacity building, good governance, rural development intervention, amongst others. Examples of these agencies include the Japan International Cooperation Agency (JICA), the United States Agency for International Department (USAID), the Danish Development Agency (DANIDA), and the German International Cooperation (GIZ) amongst others.

The United Kingdom (UK) remains one of the leading donor partners to Ghana. Since 2008, the net Official Development Assistance (ODA) to Ghana by the UK has increased from £6.36 billion to £8.77 billion. In 2011, the net ODA of the UK amounted to $13.74 billion, 0.56% of Gross National Income (GNI), which followed from a dip by almost 30% in 2007, but increased at an average annual rate of 13% between 2008 and 2010. Ghana received $162 million of ODA from the UK, which ranked as tenth of the gross ODA from Britain in 2011. The UK plans to reach 0.7% GNI as ODA annually, an agreement reached by the world’s rich countries in 1970. Due to the economic meltdown, net ODA fell in 2007 with a bilateral share of ODA declining from 70% to 57% from the previous year. After an average of 64% between 2008 and 2010, the bilateral trade share of the UK’s net ODA fell
again to 58% in 2011. Available data revealed that the UK allocated $8.02 billion and $5.72 billion to bilateral programmes and multilateral organizations, respectively.

It is against this background that the study seeks to examine how the Department for International Development (DFID) of the United Kingdom is contributing to the development of rural communities in Ghana.

1.2 Problem Statement

DFID over the past years has contributed to Ghana’s development in diverse ways. The key objective of all UK aid to Ghana is poverty reduction and growth in the three northern regions of Ghana. DFID-supported programmes are focused on the areas of health, education, governance, wealth creation, poverty, vulnerability, and hunger. In the area of education for instance, an amount of £100 million was disbursed between 2006 and 2012. Aid budgets are under pressure because of debt problems and weak fiscal positions in the UK and other European countries, as well as in the USA. While the promises of increased aid at the Gleneagles Summit in 2005 were already off track just three years later, aid budgets are now likely to be under increased pressure. These development interventions provided by the DFID are mainstreamed across the regions of Ghana with specific development challenges. In the era in which development partners are scaling down development assistance to developing countries due to the global financial crisis, it uncertain if the DFID is able to fulfil its development objectives in Ghana’s development. While it is clear that the DFID has undertaken a lot of development initiatives in Ghana, there is not enough study to assess such development initiatives, and whether those initiatives have achieved their intended development objectives or not remains unknown.
1.3 Objectives of the Study

The main objective of this study is to examine the contribution of the DFID to rural development in Ghana. Specific objectives include:

- To examine the role of aid in Ghana’s development over the years
- To investigate DFID’s contribution towards rural development in Ghana;
- To make recommendations on how Ghana can attain its development need without over dependence on aid.

1.4 Research Questions

The questions guiding the study are:

- What role has aid played in the development of Ghana over the years?
- What is the role of DFID in rural development in Ghana?
- What can Ghana do to avoid over-dependence on aid?

1.5 Hypothesis

H1: DFID has contributed positively to rural development in Ghana.

1.6 Rationale and Justification

Historical factors such as colonization are argued to underlie the developmental challenges of most Third World Countries. These countries have often relied on aid from their colonial administrators and other development partners to address their development needs. However, various scholars including Dambisa Moyo\textsuperscript{20} and Linsday Whitfied\textsuperscript{21} have argued that aid does not help solve the core pertinent issues facing poor countries, thus still leaving the rural poor, for instance, in poverty. This study, therefore, examines the contribution of DFID to rural development in Ghana.
1.7 Limitations of the Study

The main limitation of the study is that data collected could not be verified from other sources, such as government sources. This is because requests for interviews from the appropriate government authorities have not been honoured. As a result, it was impossible to verify the information obtained from DFID sources.

1.8 Conceptual Framework

The study the concept of International Cooperation to explain the dynamics of development in developing countries such as Ghana. Cooperation has been a potent tool for states to secure alliances with both mighty and weak nations in the pursuit of a common agenda amongst cooperating countries. Sterling Folker, Jennifer Anne, Joseph M. Grieco, James Dougherty, and Robert Pfaltzgraff are proponents of cooperation from the liberal school of thought. “Cooperation is a set of relations that are not based on coercion or corpulence and that are legitimized by the mutual consent of [participants]”\(^\text{22}\). It is the spirit of non-violence and freewill of nations that allows for amicable resolution of global issues amongst cooperating nations without recourse to war, which is against the tenets of cooperation.

Cooperation, especially, after the two World Wars gained momentum in marshalling efforts to assuage any potential wars or conflicts between and amongst nations and for combating common phenomena. When World War I ended, about 13 million people lost their lives.\(^\text{23}\) This situation was not different form World War II, which saw about 53 million people dead, mostly civilians.\(^\text{24}\) All these atrocities were attributed to lack of cooperation amongst States, especially, amongst hegemonies at the time who wanted to dominate the world by acquiring more territories, wealth and power to pursue their nationalistic agenda as reflect in the realists’ view of the State as being selfish and would do anything through fair or foul means to achieve its interest.\(^\text{25}\) The attempt to animate the spirit of cooperation amongst
nations led to the formation of the League of Nations in 1919 to maintain peaceful co-existence amongst nations and to prevent future wars, with the notion of providing collective security.\textsuperscript{26}

This world body was ephemeral as major world players abandoned altogether the tenets enshrined in its charter leading to the Second World War. The vestiges of the World Wars reminded nations about a possible end to wars and thus, rejuvenated another wave of cooperation, leading to the formation of the United Nations Organisation (UNO) in 1945. Since 1945, States have altered their power-seeking behaviour and learned to cooperate.\textsuperscript{27} States now engage to this World body and its ancillary bodies/agencies to resolve international issues without resorting to violence. The United Nations Security Council’s role of ensuring peace and security in the world through resolutions and sanctions has in part contributed to relative peace in the world today. Under the umbrella of collective security, the world is fighting terrorism and climate change, amongst other life-threatening phenomena.\textsuperscript{28}

This has led to the diminishing sovereignty of nations, especially, the realist notion of powerful, self-centred, authoritarian and resource-hungry States. That is, through cooperation, coordination and collaboration, countries and indeed organizations assist each other in terms of culture, military, energy, technology, and logistics, amongst others for economic growth. Ghana-UK cooperation dates to 1957, when Ghana attained statehood and consistently gained mastery at diplomatic and bilateral levels. It is for this reason that DFID’s activities in Ghana have been very robust over the years. Benefits from cooperation among states/organisations/individuals are not a day’s event but a continuous process with future realizations.

Realists such as Kenneth Waltz, Hans Morgenthau and E. H. Carr provide some critiques of the concept of international cooperation. They believe that rational states in the international system will not surrender their sovereignty to any external arbiter since
cooperation is not as important as their security. According to them, cooperation can only occur if States share a common agenda.29 They further argued that cooperation benefits States perceived to be stronger than weaker States.30 Simply put, powerful nations benefit immensely from cooperation in any sphere, thus, creating a master-client relationship. Despite this, cooperation can be fruitful and any challenges to this relationship could be resolved by the actors involved.

Generally, the United Kingdom christens as cooperation its partnership with Ghana through the DFID programme. Usually, the power relations inherent in the nature of partnership the United Kingdom forges with Ghana through such programmes as the DFID does not come up for debate, as careful look at such programmes would reveal their one-sidedness. That, regardless, in as much as it is the official position of the two partners – the United Kingdom – that it is a partnership, international cooperation as concept is appropriate in putting the DFID programme into context, and hence its suitability for this study.

1.9 Literature Review

Several writers have expressed different opinions on foreign aid and its impact on the development of developing countries. This study reviews the relevant literature on international aid and its related issues. In doing so, much emphasis is placed on the writers’ views about how aid promotes or retards growth and development in African countries, particularly Ghana.

Jeffrey Sachs fervently defends aid flows to Africa by stating that aid flows to the continent should be doubled in order to get some countries and their citizenry out of the poverty trap,31 the breakage of which, according to another writer, Joseph Stiglitz, will ‘unleash economic growth’.32 Sachs, over the years has shown much commitment to the
reduction of poverty on the African continent with his involvement in the design of the Millennium Development Goals (MDGs). He is, however, convinced that various African governments would not be able to finance their budget without external support in the form of aid. Sachs appears to favour attempts at making aid effective rather than, as doubters say, to reduce and halt aid to African countries. He, however, disagrees with the argument that the persistence of poverty in developing countries simply means that aid is not effective.33

In yet another contribution to the aid debate, Joseph Stiglitz and Andrew Chalton in a report for the Commonwealth Secretariat, called for increased aid to developing countries if they are to be integrated into the global economy. According to them, in order for recipient countries to benefit from aid, issues such as “What should be funded?” and “In what form of aid should be given?” must be addressed.34 In the same direction, Abiola and Philip Olofin also expressed support for the increase of aid flows to African countries by opposing suggestions that aid has not helped to reduce poverty, making it clear that the different types of aid will likely produce different results.35 Despite categorising aid into conditional, unconditional, matching, non-matching, open and close-ended aid,36 the authors fail to vividly show how these types of aid differ in terms of their impact on development.

Foreign aid is significant to Africa’s economic development, as argued by Siddiqi Moin.37 In defence of aid, Moin asserted that foreign aid deserves some credit for the 6% per annum growth of the African economy during the past decade.38 To him, the slowing down of global economic growth has implications for Africa. He asserted that the economic downturn will only keep donors concerned about their backyard. Similarly, Vladimir Antwi-Danso argued that the global economic crisis may lead to an ‘aid-crash’,39 implying that the dwindling of the world economy may lead to the decline in aid.

According to Kwame Akonor, “Aid to Africa is a Band-Aid, not a long-term solution” because aid does not aim at transforming Africa’s structurally dependent economy's
situation. He further asserts that if donors aim to make a long-term sustainable impact, aid should rather target transcontinental projects such as highways, telecommunications, and power plants.

Dambisa Moyo as very controversial as she is, unlike the above writers, provides compelling arguments against aid flows to developing countries in general and Africa in particular. According to her, aid cannot be said to be effective when millions of Africans are still living in abject poverty. She argues that if poverty still persists, then it simply means that foreign aid is not achieving its set goals. But the outright call by Moyo for the end of aid is quite difficult to comprehend because if poverty persists despite aid flows, then Africa may only be worse off in the absence of international aid. Parminder Bahra on the other hand, objects to Moyo’s reasoning, labelling her analysis crude citation. He suggests that “her argument against aid is as spurious as the argument that it is bad to go to hospitals because many people die in them”.

Peter Heller and Sanjeev Gupta seem to share some of the opinions expressed by Dambisa Moyo with regard to pushing aid to developing countries, especially Africa. Unlike Moyo, however, Heller and Gupta do not argue for stopping aid to Africa, rather they argue for a critical examination of the approaches to aid delivery to countries and among poverty reduction programmes. Thus, despite the fact that the writers are not very supportive of calls for donor countries' achievement of the UN backed 0.7% of Gross National Product as aid, they suggest that the increase of aid must be accompanied by donor countries' vigilant monitoring of how aid is utilized by the receiving countries. The writers are, therefore, rightly worried about reports on how aid ineffectiveness has been partially triggered by corruption of political leaders in many African countries. It is worthy of mention that their call for a keen involvement of donors may be easily misconstrued to mean foreign/donor dictatorship, which Joseph Stiglitz refers to as the irony of the globalizing world and the
plight of developing countries.\textsuperscript{45} Heller and Gupta’s suggestion will, therefore, only gain widespread support if the increased donor engagement does not amount to donor dictatorships about how aid is utilized.

Peter Quarthe also asserted that the type of aid and the framework for delivery and management, determines its effective use. He stated that, the mix of aid (various types of aid) in Ghana is a contributing factor to the ineffective utilization of aid.\textsuperscript{46} Instead of only concentrating on the aid effectiveness debate, as the aforementioned literature does, this study tries to investigate aid in the context of its contribution to rural development. Thus, the study shall be narrowed down to the contribution of foreign aid to Ghana’s rural development and the challenges thereof.

Thus in the aid literature, opinions vary amongst scholars regarding the role of international aid. There are those who argue that aid is fundamental to the development to poor countries, and therefore aid flow to such should continue to keep them integrated into the world. Others also doubt the role of aid and call for the re-evaluation of the role of aid in the development of poor countries. In the context of the aid debate it can be argued that the role of aid in the development of poor countries need to considered on case-by-case basis, and conclusions drawn on the basis of individual scenarios.

The literature reviewed thus far does not focus on the DFID as an outlet of aid delivery to developing countries. By its focus on the DFID as a programme, this study builds on the development aid literature.

1.10 \textbf{Research Methodology and Source of Data}

The study adopted a qualitative approach. This helped in gathering information on the contribution of the DFID to rural development in Ghana, in order to confirm, unveil and explain the findings as well as making valid conclusions of the study. Cresswell stated that, in
the qualitative approach the inquirer often makes knowledge claims based primarily on the multiple meanings of individual experiences, social and historical constructions, with intentions of developing a theory or pattern or advocacy/participatory perspective. He further noted that the qualitative approach uses phenomenologies, ethnographies, narratives grounded theory studies, or case studies as a mode of enquiry. In light of this, unstructured interviews were conducted which gave participants the opportunity to respond in their own words, rather than forcing them to respond in a particular direction. These responses were meaningful and salient even with the unexpected answers to the research as well as probing further answers in order to get detailed information.

Both primary and secondary sources were used in collecting relevant data. Primary information was gathered from staff of the Ghana-UK Development Cooperation and other organizations through interviews. The secondary data, on the other hand, were gathered from journals, books, newsletters, and official releases and reports of both British and Ghana government Official Development Assistance (ODA).

In all, expert interviews were conducted three respondents who carefully were selected for the study. The interviews were conducted with 3 officials involved in Official Development Assistance. These officials include: the DFID Programme Director, British High Commission; Director of Europe, Ministry of foreign Affairs & Regional Integration and the Team Leader, Growth and Private Sector Development/DFID. The respondents were selected based on their continuous involvement in or awareness of the UK’s development aid programme in the country. All respondents gave their approval to be identified in the study.

Purposive sampling was employed as a sampling technique for the purpose of this study based on the criterion that officials selected have continuous involvement in or awareness of the UK’s development aid programme (DFID) in the country. The purposive sampling technique was used to select respondents on their ability to offer in-depth and
expert information on the research subject. Hence, this technique enabled the study to identify appropriate respondents who would be relevant to the study and thus, solicited relevant information in the study area with respect to DFID’s activities particularly contributions and challenges in rural development in Ghana.

Data gathered was analysed qualitatively, through a descriptive analysis of the issues investigated. The data was coded in a way to identify and describe patterns and themes from participant(s) perspectives and to explain these patterns and themes. In the analysis, the data were organized categorically and chronologically, reviewed repeatedly, and continually coded.

1.11 Organization of the Study

The study is organized in four main chapters.

- Chapter is the introductory chapter and comprises the background of the study, statement of the problem, research question, objective, hypothesis, rational, theoretical framework, literature review, and methodology.
- Chapter two comprises the historical overview of the role of foreign aid in Ghana’s development.
- Chapter three evaluates Ghana-UK relations, the nature of DFID activities and ends with the main focus of the chapter: the contribution of DFID to Ghana’s rural development which forms the analysis.
- Chapter four constitutes summary of findings and observations, conclusion recommendations.
Endnotes

3 Ibid.
4 Ibid.
10 Osei, Robert, D., op. cit.
12 Ibid.
13 www.gov.uk/national-statistics
14 Ibid.
15 Bilateral programmes: Aid programmes from a single donor country to a single recipient country, in contrast to multilateral aid.
16 Ibid.
18 Data, MoFEP
19 Dirk, W. “Global Financial Crises And Developing Countries”, Oversees Development Institute, United Kingdom. (2008).
20 See Moyo, Dambisa. Dead aid: Why aid is not working and how there is a better way for Africa. Macmillan, 2009.
21 See Whitfield, Lindsay. Reframing the aid debate: Why aid isn’t working and how it should be changed. No. 2009: 34. DIIS working paper, 2009.
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33 Sachs, J., The End of Poverty: Economic Possibilities for Our Time, 2005
34 Stiglitz J. and Chalton A. Aid for Trade, (Report for the Commonwealth Secretariat, Document prepared for the conference on “Assessment of the Doha Round after Hong Kong”) 2-3 February, 2006), 4
35 Abiola, A., G. and Olofin, O., P. Foreign Aid, Food Supply and Poverty Reduction In Nigeria – Examination of Possible Nexus, MPRA Paper 16263, University Library of Munich, Germany, 2008
36 Ibid.
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CHAPTER TWO

HISTORICAL OVERVIEW OF FOREIGN AID TO GHANA’S DEVELOPMENT

2.0 Introduction

This chapter highlights the history of aid, its architecture, composition and trend of inflows to Ghana over the last two decades (1990-2010). It gives a synopsis of the type of aid that the country received and the institutional framework for the coordination and management of Official Development Assistance (ODA).

2.1 History of Foreign Aid in Ghana

The Republic of Ghana is located in West Africa bordered on the north by Burkina Faso, the east by Togo, the west by Cote D’Ivoire and the south by the Gulf of Guinea. A formal British Colony then known as the Gold Coast, Ghana became the first country in Sub-Saharan to gain independence in March 1957. Ghana is endowed with a variety of natural resources including gold, diamond, manganese, bauxite, and recently oil, and has a total land area of 238,537 square kilometres. The current population of the country is estimated at 24,658,823 according to the 2010 population census report and an average growth rate of 7.4% in 2013 as indicated in a report published by the Ghana Statistical Service. It will be spurious to advance the argument that Ghana’s development effort has solely relied on its domestic resources. In fact, Ghana’s development efforts for most parts of the post - independence era have been complemented by external support from some development partners in the form of foreign aid.

The involvement of foreign aid in the country’s growth and development continues to receive much attention. Until the mid-1960s, aid flow to Ghana was relatively small. At the time there was little or no interest in receiving aid, unlike today where annual national
budgets are drawn with huge components of aid embedded in them. On the part of Ghana, the Nkrumah government (1957-1966), was very sceptical and suspicious of potential donors, such as Britain and the United State of America (USA).\(^2\) Nkrumah’s attitude could be elucidated by what he termed as “neo colonial” tendencies by these Western countries and the danger of the country being recolonized, following her emergence from colonial rule.\(^3\) Furthermore, Ghana at independence had also inherited substantial foreign reserves amounting to some £200 million from the colonial administration with little debt and a small public sector to warrant external assistance.\(^4\)

Ghana made efforts to secure foreign aid after the 1961 Balance of Payment (BOP) crisis. Initially, Nkrumah’s government secured aid from the former Eastern Bloc countries but failed to attract aid from major Western donors due to his vocal criticism of Britain and the USA, in which he described them as imperialists with neo-colonialist policies towards Africa.\(^5\) In 1961, Ghana received her first loan from the World Bank for the construction of the Akosombo Hydroelectric Dam. Similarly, since 1960s Ghana has enjoyed immense budgetary support from the IMF. In the early 1980s, the country embarked on an International Monetary Fund (IMF) sponsored Economic Reform Program (ERP) and Structural Adjustments Program (SAP). Like most countries in Sub-Saharan Africa (SSA), aid flows into the Ghanaian economy rose rapidly in the 1970s and 80s due to oil price shocks and the collapse of the prices of many primary commodities with its subsequent adverse effect on export earnings.\(^6\) Undeniably, Ghana again benefitted significantly from the overall increase in aid flows to the African continent during this period. Equally important during the said period was the growth of bilateral donors with much influence in the recipient countries. The USA, Germany, Canada, Japan, Denmark, among others became the leading bilateral donors to Ghana.\(^7\)
In 1961 the USA under the United States Agency for International Development (USAID) provided a $27 million bilateral aid package to Ghana as part of its contribution towards the construction of the Akosombo Dam worth $196 million at the time. Again, USAID provided $55 million towards the construction of the VALCO Smelter Project. The agency has ever since continued to support Ghana’s development in many respects. Another major donor to Ghana worth mentioning is Japan. As a significant bilateral donor in the later years of Ghana’s independence, Japan’s ODA through the Japan International Cooperation Agency (JICA), became a lead bilateral donor consistently in Ghana in the 1980s and the 1990s. By 1992, net ODA from Japan amounted to $71 million, followed by $55 million from the UK. By 1993, the total grant aid commitment from Japan was $38.3 million, while that of loan aid amounted to $106 million. A unique aspect of Japanese aid is its vast commitment to construction projects in the energy sector, which is considered a key sector of Ghana’s economy.

Again, with Ghana’s accession to the HIPC Initiative in 2001, debt relief resources have come to constitute a vital aspect of inflows along with the Multilateral Debt Relief Initiative (MDRI). The country’s Development Partners (DPs) also continued to provide aid through project support, program aid, and balance of payment support. With respect to the allocation of aid to various sectors of the economy, projects within the social infrastructure sector (education, health, population, water and sanitation) do receive lots of support from DPs. It is also instructive to note that support to economic infrastructure and services such as transportation and energy also accounts for DPs’ aid commitment to the country.

Ghana depends heavily on the donor community to help fund development projects. The assertion by Mr. Victor Selormey, a former Deputy Finance Minister, drives home the view that Ghana cannot do without aid. According to him, “the country will continue to rely on donors to enhance the reconstruction of the economy since the rate of savings in the
country is low”.

In support of this assertion, Mr. Osafo Marfo, a former Finance Minister in the Kuffour government stated that in Ghana over 60% of the country’s budget was donor funded.

### 2.2 Aid Architecture in Ghana

All aid agreements, according to the Government of Ghana (GoG) should be in line with the Loans and Grants guidelines. In sourcing aid, Multilateral Donor Assistance (MDA) shall follow the Loans and Grants guidelines and ensure full alignment with sector strategies and plans. The Ministry of Finance (MoF) shall coordinate and ensure that the obligations of the GoG are reflected in the respective sector budget. The country’s current aid architecture involves critical issues such as aid planning, mobilization, and management. This is buttressed by the Paris Declaration (PD) of March 2005 and the Accra Agenda for Action (AAA) signed in September 2008.

The lead agency responsible for the coordination and management of aid is the Ministry of Finance (MoF) and its role is complemented by the Bank of Ghana (BoG) and the Controller and Accountant General’s Department (CAGD). The trio form the membership of the Aid and Debt Sub-Committee under the Economic Policy and Coordinating Committee (EPCC) of the Government of Ghana (GoG). The role of this Sub-Committee is to reconcile aid data and coordinate aid information sharing. There are also a number of institutions outside the ministry ranging from government agencies, DPs and Civil Society Organizations (CSOs) which are involved in the coordination, management, and monitoring of aid inflows.

It is important to note that several divisions of the MoF are actively involved in the process of aid negotiations, reporting, coordinating, and monitoring. The divisions include the External Resource Mobilisation Division (ERMD), Aid and Debt Management Division (ADMD), and the Multi-Donor Budget Support (MDBS) secretariat. As far as aid
management is concerned, there are Project Implementation Units (PIU) within other government Ministries involved in aid management as far as execution of aid-funded projects is concerned. The World Bank and the DPs in the mid-1990s initiated and re-introduced the Ghana Consultative Group (CG) meeting, which is held between the GoG and DPs. The CG meeting, held annually, has become a pivotal aspect of the country’s aid architecture and provides a medium for the coordination of aid programmes in the country.\textsuperscript{14} It further acts as a platform to draw DP support for implementing development programmes. The activities of DPs in the country fall within a range of sectors. According to a report by Mavis MacCarthy, Executive Director at MCM Associates, the average number of DPs per sector is 12.\textsuperscript{15} She added that, donor support to public sector reform for instance, involves six DPs with as high as 16 DPs engaged in the agriculture sector. These Sector Working Groups (SWGs) help in aid coordination.\textsuperscript{16} Also within the aid architecture are two important arrangements which are the Multi-Donor Budgetary Support (MDBS) and the Ghana Joint Assistance Strategy (G-JAS).
2.3 Composition and Trends in Aid Flows to Ghana since 1990s

2.3.1 Composition of Aid

Ghana currently receives aid in various forms. These include general budget support, sector budget support on health and education and project aid using parallel systems. The Development Cooperation Report (DCR) of the United Nations Development Programme (UNDP) has divided development assistance in Ghana into six main areas namely:
a) Free Standing Technical Cooperation (FTC)
This assistance mainly comes through the transfer of technical and managerial skills not only aimed at building effective and efficient human resources but also strengthening the national capacity through the improvement of the production capacity of the country’s workforce.

b) Investment-Related Technical Cooperation (ITC)
This system normally operates as a complementary assistance to existing parallel investment projects. Resources provided in most cases also assist the implementation of the on-going investment projects.

c) Investment Project Assistance (IPA)
This is another form of assistance given to finance specific capital investment projects. It is capable of creating productive capital, which can generate goods and service needed for development.

d) Programme Budgetary Aid/Balance of Payment Support (PBB)
Assistance often given by donors under the PBB falls under a wide spectrum to support the country’s broader development programme and macro-economic objectives. Unlike the other components of aid packages, such assistance is not meant to support any specific projects. Following Ghana’s persistent BOP problems over the years, this assistance has been useful to the country.

e) Food Aid (FOA)
These are normally comprise loans and grants given in cash to buy food for the country concerned. The package can also include direct supply of food to the country. Ghana benefited from food aid from donors in the early 1980s, for example, during the severe drought.
f) Emergency and Relief Assistance (ERA)

This is provided to assist the country involved during periods of natural or human disasters. Ghana on occasions had to rely on this from the donor community.\(^{19}\)

Ghana receives Oversees Development Assistance (ODA) in four categories, these include Debt Relief Funds, Project Support comprising project loans and grants for supporting specific projects and activities, Programme aid in the form of loans and grants for general and sector budget support and Balance Of Payments Support. Project aid constituted the bulk (56% in 2008 and 57.4% in 2009) of ODA portfolio in Ghana.\(^{20}\) However, programme aid has stagnated from 2004 to 2007.\(^{21}\) It is worth mentioning that the relative levels of both aid types have remained relatively higher than the levels recorded in the mid-1990s.

2.3.2 Trends in Aid Flow to Ghana since The 1990s

As previously highlighted, since the end of the Cold War, there have been major changes in the trends in aid flows to Ghana. Major bilateral and multilateral aid agencies began to look not just at costs and benefits of specific projects and perhaps the political orientation of recipient governments, but at whether or not the recipient nation is reducing the role of the State in promoting economic development. Before the significant and persistent decline in aid flows during the 1990s, aid flows had fluctuated since 1981. Net ODA (including technical assistance) from all sources to Ghana for example, fell from $303 million in 1980 to $233 million in 1981. However, total disbursement picked up again and grew gradually between 1983 and 1989 reaching $719 million in 1989 until it began to stall, averaging $400 million per annum. By 1990, aid from most sources was reduced to about $566 million. Interestingly, in 1991 aid from most sources significantly increased to over $800 million in real terms. This sharp increase was intended to support the ill economy, hence commitments from donors to help strengthen institution and changes begun to take place in the country.\(^{22}\)
The trend discussed above severely changed in 1992 as aid flow to Ghana continued to decline in volume as reflected in both commitments and actual disbursements. The internal economic difficulties faced by major donor countries after the world economic recession in the early 1990s was generally seen as the reason for the cut back in official aid flows to Ghana and Africa as a whole, coupled with the famous aid fatigue.

Also the 1994 World Bank report stated that official aid to developing countries was likely to continue to decrease while private capital was going to increase in volume. With respect to Ghana, the country experienced steady decline in commitment and disbursement of foreign aid during the 1990s, which followed what many scholars and policy-makers considered as the significant macro-economic imbalances experienced by the country after the 1992 elections. The Institute of Statistical Social and Economic Research (ISSER) 1993 reporting on the state of Ghana’s economy observed that the decline might have been an indication of dissatisfaction by donors with the government’s uncontrolled spending.23 The situation has however improved, a situation many have attributed to the country’s democratic credentials and commitment to democracy.24 Below are seven tables from the UNDP-DCR 1994/1995 to outline the various composition of aid.

From Table 1, it is evident that aid flows dwindled in 1994 and 1995 compared to the high figures of 1992 and 1993. Also, the loan component of overall aid for the periods 1992-1995, is rather high with none being below 70% of overall Aid. Its implications on Ghana’s external debt profile cannot be understated.
Table 2.1: Aid Trend by Terms to Ghana 1992-1995

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>TERM</td>
<td>AMT</td>
<td>%</td>
<td>AMT</td>
<td>%</td>
</tr>
<tr>
<td>Grant</td>
<td>298,099</td>
<td>28.11</td>
<td>332,589</td>
<td>15.26</td>
</tr>
<tr>
<td>Loan</td>
<td>762,464</td>
<td>71.89</td>
<td>1,847,532</td>
<td>84.74</td>
</tr>
<tr>
<td>Total</td>
<td>1,060,563</td>
<td>100</td>
<td>2,180,121</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: UNDP-DCR 1994/95

Table 2 shows aid disbursed between 1992 and 1995 apportioned by type. Interestingly, Investment Project Assistance (IPA) disbursement stands out as the main type of aid disbursed during the period. There seems to be a disbursement positive relationship between performance in Table 2 and loans disbursed in Table 1. This suggests, however, that the extended loans and most especially, investment packages, favour IPA disbursements.25

Table 2.2: Aid Trend by Type of Assistance to Ghana 1992-1995

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>TYPE</td>
<td>AMT</td>
<td>%</td>
<td>AMT</td>
<td>%</td>
</tr>
<tr>
<td>FTC</td>
<td>111,56</td>
<td>10.52</td>
<td>135,737</td>
<td>6.23</td>
</tr>
<tr>
<td>IFC</td>
<td>38,202</td>
<td>3.6</td>
<td>46,744</td>
<td>2.14</td>
</tr>
<tr>
<td>IPA</td>
<td>769,259</td>
<td>72.53</td>
<td>1,854,608</td>
<td>85.07</td>
</tr>
<tr>
<td>PBB</td>
<td>131,467</td>
<td>12.4</td>
<td>130,802</td>
<td>6</td>
</tr>
<tr>
<td>FOA</td>
<td>9,975</td>
<td>0.94</td>
<td>12,230</td>
<td>0.56</td>
</tr>
<tr>
<td>ERA</td>
<td>90</td>
<td>0.01</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>1,060,561</td>
<td>100</td>
<td>2,180,121</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: UNDPDR 1994/95
Programme Budgetary Aid or Balance of Payments Support (PBB) disbursement, on the other hand, has fallen consistently from 1992 as shown in Table 2. In 1992, PBB represented 12.4% of disbursed aid, reducing to 6% in 1993, increasing slightly to 7.14% in 1994, and falling again to 6.49% in 1995. This is said to be due to the gradual closure of both the ERP and the SAP programmes for which most of the PBB aid facilities were mobilised and disbursed by the country. The years under review have shown wavering trends by total volumes of disbursement for Food Aid (FOA) and Emergency Relief Assistance (ERA). In 1994, FOA ($14 million) showed an appreciation over the $10 million and $12 million recorded in 1992 and 1993 respectively. It then took a dip to $4 million representing only 0.45% in 1995. Most FOA disbursement was used to support the ERP and SAP under the PAMSCARD arrangement. The facilities have dwindled with the end of the programme they were mobilized to support. Technical support (TC), on the other hand, appreciated by volume of disbursement in 1995 and formed only 16.5% of the total aid disbursed. Together with ITC it accounted for $141 million or 21.6%.

Table 2.3: Aid Sources in Ghana

<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td>SOURCES</td>
<td>AMT</td>
<td>%</td>
<td>AMT</td>
<td>%</td>
<td>AMT</td>
<td>%</td>
<td>AMT</td>
<td>%</td>
</tr>
<tr>
<td>MULTILATERAL</td>
<td>322,232</td>
<td>30.38</td>
<td>382,850</td>
<td>17.56</td>
<td>273,240</td>
<td>30.16</td>
<td>293,209</td>
<td>44.88</td>
</tr>
<tr>
<td>UN SYSTEM</td>
<td>174,693</td>
<td>16.47</td>
<td>258,173</td>
<td>11.84</td>
<td>234,825</td>
<td>25.92</td>
<td>257,460</td>
<td>39.41</td>
</tr>
<tr>
<td>OTHERS</td>
<td>147,539</td>
<td>13.91</td>
<td>124,677</td>
<td>5.72</td>
<td>38,415</td>
<td>4.24</td>
<td>35,749</td>
<td>5.47</td>
</tr>
<tr>
<td>BILATERAL</td>
<td>662,924</td>
<td>62.51</td>
<td>1,696,182</td>
<td>77.8</td>
<td>520,462</td>
<td>57.45</td>
<td>227,323</td>
<td>34.79</td>
</tr>
<tr>
<td>NGO</td>
<td>75,408</td>
<td>7.11</td>
<td>101,091</td>
<td>4.64</td>
<td>112,285</td>
<td>12.39</td>
<td>132,804</td>
<td>20.33</td>
</tr>
<tr>
<td>TOTAL</td>
<td>1,060,564</td>
<td>100</td>
<td>2,180,123</td>
<td>100</td>
<td>905,987</td>
<td>100</td>
<td>653,336</td>
<td>100</td>
</tr>
</tbody>
</table>

SOURCE: UNDP DCR 1994/95
Table 3 demonstrates the dominance of disbursement by bilateral donors. However, in 1995 multilateral aid recovered to overtake bilateral aid to record 44.88% of total aid disbursed by source. It is instructive to note that UN multilateral agencies contributed at all times the bulk of multilateral aid disbursement. The performance of bilateral donors in 1995, which shows a slight dip, may have been as a result of previous huge disbursements of loans especially in 1993. Besides, most of these loans had been entirely disbursed prior to 1995 according to the report. This explains the recovery of multilateral disbursements in 1995. On NGO disbursements, it has been steadily increasing over the years as shown in Table 3. According to the UNDP-DCR 1994/95 report, NGOs are increasingly becoming important players in development assistance to Ghana in terms of absolute disbursement.

Table 4 and 5 below show the breakdown of the Multi-Donor Budgetary Support (MDBS) disbursements for the period, 2003-2008, as well as a percentage of total aid for the same period. The MDBS is a form of programme aid that is directly channelled into the financial system of a recipient country. It can also be described as aid coordinating framework agreed between the Government of Ghana and some of the Development Partners (DPs) to ensure uninterrupted flow of aid to finance the government’s poverty related expenditure. The MDBS incepted in 2003, is open to all development partners and it currently has 11 development partners participating in the said programme.

Table 2.4: Multiple Donor Budgetary Support (MDBS) 2003-2004

<table>
<thead>
<tr>
<th>MDBS IN US$ MILLION</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
</tr>
<tr>
<td>----------</td>
</tr>
<tr>
<td>Pledges in USD</td>
</tr>
<tr>
<td>Actuals in USD</td>
</tr>
</tbody>
</table>

SOURCE: ADMD, MoFEP
TABLE 2.5: MDBS as Percentage of Total Aid 2003-2008

<table>
<thead>
<tr>
<th>MDBS % of total Aid</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>MDBS % of total Aid</td>
<td>30.01</td>
<td>26.74</td>
<td>29.34</td>
<td>33.02</td>
<td>26.48</td>
<td>25.72</td>
</tr>
</tbody>
</table>

SOURCE: ADMD, MoFEP

2.4 Pattern of Aid Inflows to Ghana Since 1990

Aid inflows to Ghana have come in different forms (Table 6 and Table 7), mainly since the 1990s. Table 6 and 7, show the trend between 1990-1999 and 2000-2010 respectively. These financial flows are largely made up of programme aid, project aid, or balance of payment support, delivered as either general budget support or sector budget support. Beside these financial inflows is the provision of technical assistance as part of aid to Ghana. The majority of these aid pledges are routed through bilateral and multilateral arrangements.

Ghana’s major bilateral donors include Australia, Canada, China, Denmark, France, Germany, Japan, Netherlands, United Kingdom, United States, Switzerland, the World Bank, the International Monetary Fund (IMF), the African Development Bank (AfDB) and some members of the Organization of Petroleum Exporting Countries (OPEC), the European Union (EU) and various United Nations (UN) agencies such as the United Nation Development Programme (UNDP) constitute the major multilateral donors. Ghana’s major donors and their areas of support are presented in Table 8 below. The aid inflows to Ghana have been directed into rural development, improved nutritional standards, increased food production, population planning, educational services and health, public administration and human resource development. The ultimate objective of the inflows has been to improve the country’s growth rates and hence help in poverty reduction.
Table 2.6: Loan and Grant Disbursements 1990-1999 (US$ Million)

<table>
<thead>
<tr>
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<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>LOAN</td>
<td>488.41</td>
<td>788.02</td>
<td>424.95</td>
<td>460.2</td>
<td>453.32</td>
<td>742.13</td>
<td>867.04</td>
<td>666.94</td>
<td>778.49</td>
<td>468.22</td>
</tr>
<tr>
<td>GRANT</td>
<td>194.28</td>
<td>121.8</td>
<td>179.03</td>
<td>249</td>
<td>164.75</td>
<td>383.89</td>
<td>341.77</td>
<td>288.67</td>
<td>292.36</td>
<td>593.38</td>
</tr>
<tr>
<td>TOTAL</td>
<td>682.69</td>
<td>909.82</td>
<td>603.98</td>
<td>609.20</td>
<td>618.07</td>
<td>1,126.02</td>
<td>1,208.81</td>
<td>955.61</td>
<td>1,070.85</td>
<td>1,061.60</td>
</tr>
</tbody>
</table>

SOURCE: ADMD, MoFEP

Table 2.7: External Assistance to Ghana 2000-2010 (Us$ Million)

<table>
<thead>
<tr>
<th></th>
<th>2000</th>
<th>2001</th>
<th>2002</th>
<th>2003</th>
<th>2004</th>
<th>2005</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>GRANT</td>
<td>287.6</td>
<td>719.85</td>
<td>334.9</td>
<td>336.9</td>
<td>533.47</td>
<td>400.7</td>
<td>502.08</td>
<td>637.46</td>
<td>703.62</td>
<td>717.47</td>
<td>612.36</td>
</tr>
<tr>
<td>Project</td>
<td>232.0</td>
<td>487.94</td>
<td>181.4</td>
<td>219</td>
<td>374.93</td>
<td>291.0</td>
<td>350.33</td>
<td>443.19</td>
<td>490.58</td>
<td>439.52</td>
<td>407.84</td>
</tr>
<tr>
<td>Program</td>
<td>55.59</td>
<td>231.91</td>
<td>153.5</td>
<td>117.9</td>
<td>158.54</td>
<td>109.7</td>
<td>151.75</td>
<td>194.27</td>
<td>213.04</td>
<td>277.95</td>
<td>204.52</td>
</tr>
<tr>
<td>LOAN</td>
<td>704</td>
<td>514.74</td>
<td>369.8</td>
<td>589.0</td>
<td>622.4</td>
<td>559.8</td>
<td>525.81</td>
<td>1,327.72</td>
<td>803.49</td>
<td>1,037.4</td>
<td>1,242.9</td>
</tr>
<tr>
<td>Project</td>
<td>491</td>
<td>284.18</td>
<td>325.9</td>
<td>429.0</td>
<td>471.91</td>
<td>387.7</td>
<td>338.16</td>
<td>1,203.04</td>
<td>647.97</td>
<td>824.56</td>
<td>1,052.7</td>
</tr>
<tr>
<td>Program</td>
<td>213.0</td>
<td>230.56</td>
<td>43.91</td>
<td>160.0</td>
<td>150.49</td>
<td>172.1</td>
<td>187.65</td>
<td>124.68</td>
<td>155.52</td>
<td>212.86</td>
<td>190.17</td>
</tr>
<tr>
<td>TOTAL</td>
<td>991.6</td>
<td>1,234.5</td>
<td>704.7</td>
<td>925.9</td>
<td>1,155.8</td>
<td>960.6</td>
<td>1,027.8</td>
<td>1,965.1</td>
<td>1,507.1</td>
<td>1,754.8</td>
<td>1,855.3</td>
</tr>
</tbody>
</table>

SOURCE: ADMD, MoFEP
Table 2.8: Major Donors

<table>
<thead>
<tr>
<th>UNILATERAL</th>
<th>AREAOF SUPPORT</th>
</tr>
</thead>
<tbody>
<tr>
<td>United Kingdom</td>
<td>Public Administration, Health, Education, Rural Infrastructure, and</td>
</tr>
<tr>
<td>United States</td>
<td>Transportation Infrastructure and Agriculture</td>
</tr>
<tr>
<td>Denmark</td>
<td>Health, Energy, and Water</td>
</tr>
<tr>
<td>Netherlands</td>
<td>Agriculture, Energy and Water</td>
</tr>
<tr>
<td>Germany</td>
<td>Agriculture, Energy, Water, and Decentralization</td>
</tr>
<tr>
<td>France</td>
<td>Agriculture, Energy, Road Infrastructure and Water</td>
</tr>
<tr>
<td>Japan</td>
<td>Education, Health, and Agriculture</td>
</tr>
<tr>
<td>Multilateral Donors</td>
<td></td>
</tr>
<tr>
<td>World Bank</td>
<td>Infrastructure, Education, and Health</td>
</tr>
<tr>
<td>IMF</td>
<td>Structural Adjustment and Balance of Payment (BOP)</td>
</tr>
<tr>
<td>European Union</td>
<td>Transportation Infrastructure</td>
</tr>
<tr>
<td>AFDB</td>
<td>Infrastructure</td>
</tr>
<tr>
<td>United Nations Agencies</td>
<td>Good Governance, Environment, Energy, and Health</td>
</tr>
</tbody>
</table>

Source: AFRODAD\textsuperscript{28}

According to the MDGs report, Ghana has witnessed substantial aid inflows to the country, which is mostly supply-driven in the past two decades. Some of these said inflows have come from debt relief through the Highly Indebted Poor Countries (HIPC) initiative and the Multilateral Debt Relief Initiative (MDRI), which is spearheaded by the two Bretton Woods Institutions.\textsuperscript{29} Furthermore the report identifies key considerations driving the remarkable donor aid flows over the period as essentially due to Ghana’s chosen path of democracy, adherence to rule of law, significant involvement in health and sanitation, and commitment to public sector reforms.\textsuperscript{30}
An analysis of the inflows from the report by the Institute of Statistical Social and Economic Research (ISSER), University of Ghana, shows that foreign aid inflows increased in 1991 to over US$ 800 million in real terms from US$672 million in 1990. Although the trend experienced a little decline in 1992 as a result of donor fatigue and challenges with economic management, the inflows however picked up again in 2004, amounting to about US$1.3 billion. Between 1990 and 2000, aid inflows averaged about US$ 560 million, whilst from 2001 to 2008, the annual average aid inflow stood at US$1,050 million. Aid inflows compose basically of project aid, programme, or balance of payments support, which are in the form of loans, grants and technical assistance. Project aid constituted the bulk representing about 64% of ODA portfolio in Ghana. Although recording remarkable amounts as well, programme aid had been virtually stagnated over the period 2004 and 2007. This is however confirmed by research undertaken by the African Forum and Network on Debt and Development (AFRODAD).

Table 2.9: Donor Disbursements for Year 2010

<table>
<thead>
<tr>
<th>DEVELOPMENT PARTNER</th>
<th>2010 DISBURSEMENT (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>African Development Bank</td>
<td>15.6</td>
</tr>
<tr>
<td>United Kingdom</td>
<td>72.9</td>
</tr>
<tr>
<td>Canada</td>
<td>18.9</td>
</tr>
<tr>
<td>Denmark</td>
<td>13.2</td>
</tr>
<tr>
<td>European Commission</td>
<td>53.6</td>
</tr>
<tr>
<td>France</td>
<td>8.4</td>
</tr>
<tr>
<td>Japan</td>
<td>3.6</td>
</tr>
</tbody>
</table>
It must be noted that Ghana’s foreign aid per capita (loans and grants) peaked at $38 in 1998 from an initial figure of $18 million in the 1980 before declining to $32 million in fiscal year (FY) 1999 to 2000. In the year 2000, Ghana’s net aid as a ratio of Gross National Income (GNI) stood at 13%, whiles net aid as a ratio of gross capita formation and net aid as a ratio of imports stood at 52% and 18%, respectively. In the 1990s, aid disbursements as a percentage of total pledges ranged between 29% and 81% whiles averaging about 64%.

A World Bank conducted study observed that, external aid to Ghana principally in the early 1990s was around more than 50% of government expenditure, and has since then varied between 40% and 50%. ODA therefore plays a crucial role in the economic development of the country. Along with loans and grants that flow into the country is technical assistance (TA) which accounts for a substantial proportion of the inflows to Ghana. Mostly by the IMF and the World Bank, the assistance is mostly directed into strengthening capacity of government Ministries, Departments, and Agencies, whether human or institutional, to help them effectively manage issues such as financial affairs, economic policy, decentralization and taxation reforms. The Federal Republic of Germany for instance, during 2007/08, committed an amount of GH¢1778 million (€14 million) in technical cooperation to

<table>
<thead>
<tr>
<th>Source: MDBS, MoFEP</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Germany</th>
<th>40</th>
</tr>
</thead>
<tbody>
<tr>
<td>Netherlands</td>
<td>26.9</td>
</tr>
<tr>
<td>Switzerland</td>
<td>7.4</td>
</tr>
<tr>
<td>World Bank</td>
<td>143.4</td>
</tr>
</tbody>
</table>

University of Ghana http://ugspace.ug.edu.gh
support the Ghanaian Government. The UK’s Department for International Development (DFID) also provides technical assistance to improve local audit systems in the country.\textsuperscript{36}

Generally, the inflow of foreign aid to Ghana has come in various forms. With the country’s accession to the HIPC Initiative, debt relief resources have represented an important aspect of the inflows along with the MDRI. The country’s DPs also continue to provide aid support in respect of the aid allocation in various sectors (education, health, population, water and sanitation). It is also important to note that support to services such as transportation, energy, and economic infrastructure also accounts for DPs aid commitment to the country. Table 5 outlines the various areas that attract DP’s support. The sectorial allocations in terms of aid flows reflect both the donors’ interest and changes in government priorities.

According to the Ghana Statistical service, Ghana has made considerable progress in achieving the Millennium Development Goals (MDGs). Subsequently, through common strategy with its development partners with practical commitment in working closely together towards the achievement of the Millennium Development Goals (MDGs) by 2015. However, there remain substantial challenges in achieving most of the target by 2015. The overall assessment of Ghana’s progress toward the MDGs reveals that, significant progress has been made in some key MDG targets such as poverty eradication, education and access to safe water.\textsuperscript{37}

The EU is among Ghana’s largest multilateral development and trade partner. Currently, about half of all Official Development Assistance (ODA) received by Ghana is financed by the European Union and its Member States. Large portions of this assistance is given in the form of grants from the EU and its Member States. The disbursement of grants, concessional and commercial facilities in the form of percentages are allocated to sectors such as transport and infrastructure (28%), agriculture and rural development (24%),
macroeconomic and budget Support (27%), governance and social sectors (8%), environment and natural resources (5%), trade and private sector (2%), and activities such as technical cooperation, etc. (5%). The success of the European Development Fund (EDF) has been enormous over the years, with positive impact on the daily lives of many Ghanaians. In the area of infrastructure, about 1,500 km of feeder roads have been constructed, over 360 km of trunk roads have been rehabilitated, and almost 3,000 social and sanitation facilities, such as school blocks, residential accommodation and rural clinics have been built. The EU supports also included the €47 million HIPC debt relief funds from the European Investment Bank (EIB), €52 million in support of Maternal Health Initiative and €50 million in support of the Ghana Decentralization Programme. The EIB which draws resources from the EU has since 1976 implemented various interventions in Ghana. These interventions include the Global Loans to Ghana’s financial, agro-industrial, mining, and transport and tourism sectors. Ghana Agro Food Company, the West Africa Gas Pipeline Project and the Volta River Authority (Akosombo Retrofit and the Aboadze - Tema Transmission Line) are among the beneficiaries of EIB resources. All these, to mention a few are toward Ghana’s developmental agenda.

To recap, this chapter focused on the history of aid in Ghana, aid architecture in Ghana, pattern of aid flows (composition and volume) and the institutional framework for the coordination and management of Official Development Assistance (ODA). We now turn to the next chapter to discuss UK aid.
Endnotes

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6Ibid., 192-194
7Geddes, M., Mensah, J. E., Natali, L., & Quartey, P. “OECD DAC-PDE Thematic Study on the United Aid: Ghana Country Study.” Overseas Development Institute, October 2009
9Aryeetey, Ernest, Aid Effectiveness in Ghana (Report of a Study Sponsored by the Overseas Development Council, Washington, D.C., and Administered by the Overseas Development Institute (ODI), London. 1995: 23
11Ibid.
16Ibid
18Government of Ghana and UNDP Development Cooperation Report, Ghana, (Published by UNDP 1992, 1994/95 editions)
19Ibid
21Ibid
22Aryeetey, E., Structural Adjustment and Aid in Ghana. Accra: Friedrich Ebert Foundation, (Gold-Type Ltd). 1996, 31
23ISSER Report. 1993
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26Aid & Debt Management Division (ADMD) of Ministry of Finance and Economic Planning, 24th August, 2014
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CHAPTER THREE

BACKGROUND AND OPERATIONAL ACTIVITIES OF DFID GHANA

3.0 Introduction

This chapter discusses development projects of the DFID in Ghana. It also touches briefly on Ghana-UK relations, trends in UK aid to Ghana, and the role and contribution of the DFID in the areas of health, education, and poverty reduction towards rural development in Ghana.

3.1 Overview of Ghana-United Kingdom Relations

Since gaining independence from Britain in 1957, Ghana and her former colonial master have maintained excellent relations both at the bilateral and multilateral levels. Ghana’s history and membership of the Commonwealth have also helped strengthen her relations with the United Kingdom. Over the period, especially after the return to Constitutional rule in Ghana in 1992, successive UK Governments have been supportive of the country’s socio-economic development programmes and political progress. Several agreements have been entered into by both countries, especially, in the areas of economic, military assistance, cultural and educational exchanges, and budgetary support, amongst others.

On security, Ghana and the UK have had long term military training exchange programmes. The UK has over the years provided advice and information on UK military doctrine and policy, and has established close relationships with the Ghana Armed Forces (GAF). Although the UK military presence in Ghana has recently reduced, there is still a strong programme of military assistance and cooperation, with Officers of the GAF attending training courses in the UK. Instructors from Cranfield University in the UK deliver a number of key modules as part of staff training at the Ghana Armed Forces Command and Staff College (GAFCSC), which is often sponsored by the UK Ministry of Defence.
In economic terms, the UK is one of Ghana’s key bilateral development partners, both in volume and the diversity of development assistance. It has operated one of the largest bilateral aid programmes in Ghana since 2000. During the 2009/2010 financial year, for example, the UK provided £89.9m (GHC 207 million) as financial assistance to Ghana, as well as, £12 million grant to enhance the Government of Ghana’s public financial management systems of which £10 million of this support was directed to the Ghana Integrated Financial Management Information System (GIFMIS) project in 2011.¹ UK assistance to Ghana is channelled through the Department for International Development (DFID) and other agencies. Most of the assistance offered to Ghana come in the form of budgetary support. The UK believes that Ghana is at a key stage of its development and will therefore continue to support her over the next four (4) years to consolidate recent achievements made, deliver further results for poor people, and help lay the foundation for an end to aid within a period of 10 years.² Ghana-UK trade relations continue to be very strong. According to the November 2012 UK Trade and Investment (UKTI) report titled, “Doing Business in Ghana”, total trade between Ghana and the UK for 2011 reached £767 million. Ghana’s import from the UK was valued at £426 million, compared to £340 million in 2010. Ghana’s 2011 export to the UK, on the other hand, was valued at £341 million, an increase of 51% over that of 2010. The report further indicated that by the end of 2011 Ghana was the UK’s sixth largest export market in Africa and the eighth largest import market on the continent.³ Ghana was the UK’s fourth largest export in Sub-Saharan Africa, a total of £129 million between January and April 2014. Between January and April the same year, total bilateral trade between the UK and Ghana was worth £216 million, an increase of 8% for the same period in 2013.⁴ Cocoa beans, processed tuna, vegetables, fruits, cocoa butter, and tropical sawn timber often constitute major export products to the UK, whiles food
and beverages (including alcoholic beverages), medicines, chemicals, vehicles, cloths, vehicle parts and others are also among imported products to Ghana.

On investment efforts, the UK continues to invest in many sectors of the Ghanaian economy. In February, 2013, the Ghana Investment Promotion Centre (GIPC) announced that a total of 399 projects were registered by foreign investors in 2012, including 19 projects from UK investors. These projects by UK investors amounted to some US$ 43.26 million. It is expected that the Government of Ghana’s approval of the Development Plan for the Tweneboa-Enyenra-Ntomme Development “TEN Project”, located 60km offshore, would pave the way for UK’s Tullow and its partners to proceed with the development of these discoveries. To further promote investment relations between Ghana and the UK, a business delegation led by Rt. Hon. Alderman Roger Gifford, Lord Mayor of London city, held discussions with the Vice-President, H.E. Mr. Paa Kwesi Bekoe Amissah-Arthur and the Hon. Minister for Finance, Mr. Emmanuel Seth Terkper on 6th May, 2013 at the Flagstaff House. The delegation also later met with the Ghanaian business community.

3.2 Operational Background of DFID

The DFID is the UK’s organ in responding to international commitments and taking action to achieve the Millennium Development Goals. Established in 1997, the DFID aims to reduce poverty in poor countries, in particular through achieving the MDG’s.

The DFID Business Plan for 2012-15 sets out a number of priorities for the Department, aimed at supporting the achievement of these goals. These include:

- Honour international commitments and support actions to achieve the MDGs.
- Drive transparency, value for money and open government.
- Boost wealth creation.
- Strengthen governance and security in fragile and conflict-affected countries and make UK humanitarian response more effective.
- Lead international action to improve the lives of girls and women.
- Combat climate change.
- DFID’s three other major areas of responsibility and priority including:
  - Responding to humanitarian disasters.
  - Delivering on obligations to the Overseas Territories.
  - Influencing the global development system.5

DFID is the second largest donor in Ghana. Net ODA increased by 43 per cent between 1999 and 2003, reaching a level of USD 131.3 million in 2003. Ghana received an average of some 9.3 per cent of DFID’s total bilateral aid to Africa between 2000 and 2005. DFID ODA to Ghana is higher in per capita terms compared to most other Sub-Saharan African countries.6

In Ghana, the DFID works to encourage wealth creation by ensuring that all children receive quality education, and that maternal mortality and income inequality are substantially reduced. Consistent economic growth and political stability have combined to put Ghana on target to halve extreme poverty by 2015. However, there is still work to be done. These include:

- Bridging the gap between the south and the much poorer north of the country.
- Addressing the development goals that remain off-track, especially on MDG 3 (gender equality) and the needs to make more progress on MDG 4 (child mortality) and MDG 5 (maternal mortality).7
3.3 Thematic Areas of DFID’s Intervention towards Rural Development in Ghana

Thematic areas of DFID’s intervention in Ghana and rural communities to be specific according to the data collected are in the area of health, poverty reduction, education, wealth creation, and governance.

3.3.1 Health

Health contributes immensely to human well-being. Health is wealth and a healthy nation is a wealthy nation, as a sound body can contribute immensely to productivity, thereby, increasing national development. Ghana’s health sector, like many others in developing countries is consistently faced with inadequate critical health infrastructures, logistics, and health staff, especially in rural areas and hard-to-reach communities. These constraints, contribute to the inability of the Government to meet key health targets, especially those pertaining to the MDGs, such as infant and maternal mortality rates.

According to Ghana’s national blueprint, the Ghana Shared Growth and Development Agenda (GSGDA), malaria is the single most important cause of mortality and morbidity, especially among pregnant women and children under five years. It accounts for about 44.5% of all outpatient illnesses, 36.9% of all hospital admissions and 19% of all deaths in Ghana. The document further acknowledges the huge gaps in access to health care between urban and rural communities, as well as the rich and poor, low level of overall health expenditure and inadequate social protection, inadequate health infrastructure, weakly integrated, ineffective and inequitable health system, high infant and maternal mortality, high morbidity and mortality from malaria, high pressure on health care services and other scares resources, loss of quality human and material resources, and high stigmatisation and neglect of mental health. Despite efforts being put in place to address these challenges, especially in rural areas, more interventions are needed from various partners in making health provision
one of the pillars of rural development in Ghana. What are the interventions of DFID in this sector? According to the DFID, the quality of health is worth investing into to curb especially communicable and preventable diseases for overall human development.\textsuperscript{11} Globally, peoples' health is improving. Since 1990, with a significant contribution from UK development programmes, the number of children dying from preventable causes has fallen from around 12 million a year to around 7 million\textsuperscript{12}. With this development, the DFID estimates that the Millennium Development Goal of improving maternal health is one of the targets that are likely to be achieved. However, about 3.6 million babies still die every year before they are one month old, accounting for 40\% of all deaths in children under 5 years of age.\textsuperscript{13}

The number of girls and women who die during pregnancy and childbirth has fallen from 543,000 a year to 287,000.\textsuperscript{14} Over the years, there has been an increase in the number of family planning users accessing support through DFID, as well as, an increased number of treated bed net distribution to prevent malaria. These are expected to reach 525,000 and 4.75 million respectively by 2015 in Ghana.\textsuperscript{15} To meet the MDGs, the DFID is partnering the Government of Ghana to reduce maternal mortality, improve maternal health, combat HIV and AIDS, malaria and other diseases.

In an interview, Mr. Dave Gasmin, DFID Programme Director at the British High Commission disclosed that DFID’s health intervention has resulted in about 430,000 people in Ghana using family planning methods by end of 2012/2013, over 80 per cent of final target, and by 2015, DFID will support up to 525,000 more Ghanaians in using family planning methods. On malaria intervention and eradication, the DFID had distributed 4,300,000 bed nets by the end of 2012/2013-over 90\% of the final target whilst it hopes to distribute 4,750,000 by 2015. He further disclosed that, the Ministry of Health (MOH) had over the years been provided budgetary, materials, goods and technical assistance. This
support had improved the coverage and quality of primary healthcare services especially in the rural areas of southern and northern Ghana for a sustainable health system. In addition to improving the health sector as a whole, he added that by 2015, their health sector budgetary support would contribute towards MDG 4 and 5 to help save some 1,400 new born lives, prevent 425 stillbirths and save 450 maternal lives as well as an approximately of 2,000 child deaths prevention, all in urban and rural communities.\textsuperscript{16} Also, Mr. Cleland, Director Europe Bureau of the MFA acknowledged that, rural development process cannot be complete without proper health infrastructures and programmes of which over the years has been the centre piece of DFID’s project in rural communities most especially in northern Ghana, a move in bridging the south, north gap.\textsuperscript{17} Furthermore, Mr. Gasmin stated that the DFID had provided access to clean drinking water, improved access to effective sanitation and provided basic hygiene education (hand washing and the dangers of open defecation) in several rural communities over the years especially to women and girls.

Malaria prevention interventions through bed nets distribution and family planning methods are critical in improving the health of rural people. The devastating nature of malaria results in high mortality rate and deteriorating health especially among infants and mothers. In the same view, non-usage of family planning methods could lead to uncontrolled births and poses danger to women. These interventions could contribute immensely to better healthcare in rural areas, which could go a long way to improve productivity. When productivity is remarkably improved, economic and social development could improve for overall rural development.

3.3.2 Education

As one of the pillars of human capital development, education continues to transform and equip individuals with knowledge that can be tapped for national development. Education
provides for any country vast human resources, critical for its success and survival. In Ghana, the 1992 Constitution makes it mandatory for every Ghanaian of school going age to be in school, through the Free Compulsory Universal Basic Education (FCUBE) policy. Over the years, the educational sector inherited by successive governments has been plunge by numerous challenges; which defeat the purpose of the FCUBE policy.

Enrolment rates at various levels of education vary greatly and drop sharply as one ascends the education ladder. At the primary school level, the nation has achieved about 95% enrolment. At the Junior High School (JHS) level, this rate has dropped to about 78%. An even sharper decline occurs between the JHS and Senior High School (SHS) level where the rate of enrolment falls below 40%. At the tertiary level, only 12% of the population of tertiary education age is enrolled. Closely associated to enrolment is the issue of access. Although at the primary level the nation has made significant gains in school enrolment, some children in both urban and rural areas do not have access to primary education. Ghana’s educational system has over the years been biased towards urban areas to the detriment of rural areas whose educational infrastructure is inadequate and often substandard.

In its education intervention, DFID’s primary objectives are to improve learning, reach more children, especially those in fragile states, keep girls - particularly the most marginalised in school whilst concentrating on primary and lower secondary education, but also invest in high quality higher education, skills and early childhood education. Every child should have the chance to go to school. This is not just about getting them into the classroom, but about making sure they are well taught and that what they learn actually improves opportunities later in life. Without good education, they will be less likely to get stable employment and look after their families in the future. With fewer people gainfully employed and more people in need of social support, they will struggle to prosper, thereby
holding their own countries and ultimately the global economy back.\textsuperscript{21} DFID’s global target in the education sector in 2015 would ensure the following:

- raise the standards of education through training of 190,000 teachers;
- supporting 11 million children in primary and lower secondary school;
- get up to 1 million more girls into school;
- support higher education by improving the quality of more than 200 higher education institutions across Africa and Asia as well as, support 750 to 800 Commonwealth students per year with scholarships to pursue their careers with UK universities;
- support more research into the best ways to get children into school, keep them in school, and improve the quality of their education.\textsuperscript{22}

With respect to Ghana, the DFID expects to assist some 140,000 children in basic school education and further assist some 70,000 girls to stay in high school through the provision of incentives to remain in education by 2015.\textsuperscript{23} These interventions will assist in addressing critical educational challenges such as enrolment, access, and retention which have often times been the bane of most rural communities, and impeded the rural development effort. Mr. Gasmin in the interview elaborated that his outfit over the year has contributed much to the educational sector especially in rural areas of the north. He went on further to disclose with appreciation that about 140,000 children will be supported in basic education, as well as some 70,000 girls in high school by 2015 since most of these communities are faced with inadequate infrastructures and lack basic social amenities. DFID’s research entitled “Tracking the Age of School Enrolment in Ghana”, commissioned in August 2009, revealed that late enrolment in school in Ghana is linked to the failure of many children to complete their education and consequently explained that many children in primary school in Ghana
are over-aged. The more over-aged pupils they are, the less likely they are to complete primary education successfully and the less likely they are to progress to secondary school. Girls are more at risk of non-completion than boys if they are over-aged.24

These revelations in Ghana’s educational system should be comprehensively addressed, bearing in mind the rural-urban dichotomy. Rural development depends on good educational infrastructure and well-motivated teachers. Almost all the challenges facing Ghana’s educational system are persistent, overwhelming and prevalent in rural communities. The non-existence of basic infrastructure namely roads, accommodation, and classrooms, discourages teachers from accepting posting to rural communities. However, it was revealed in the interview that, DFID’s intervention through the UK aid supported “School for Life” programme has gone a long way to boost rural education in areas of infrastructure, teacher motivation, and scholarships to students, and thereby improve the development of rural communities in Ghana.

3.3.3 Poverty Reduction and Wealth Creation
Ghana’s economy has been placed on a commendable growth trajectory with an average annual growth of about 6.0 per cent over the past six years.25 Gains in economic growth can help formulate pro-poor social interventions in getting hundreds of people out of poverty. Globally, the DFID has provided opportunities for more than 500 million people in developing countries to lift themselves out of poverty by 2015 through:

- helping more than 50 million people to access savings, credit and insurance including 18 million women;
- helping half the countries in Africa benefit from free trade securing the right to land and property for more than 6 million people including 4.5 million women.26
The DFID continues to partner with the Ghana Government to competently discharged its role particularly in Ghana’s medium to long term development programmes, such as Ghana Shared Growth Development Agenda (GSGDA I & II), amongst others, of which they financed key private sector development. In its private sector development agenda, the DFID has supported 2,000 producers, out of whom 1,000 were women in 2012/2013. It is further anticipated that by 2015, about 50,000 producers will be accessing business services, of which 7,500 will be women.27

Boosting private sector development in rural areas can potently transform economic circumstances of rural people engaged in primary economic activities. Capital injections as done by DFID’s activities helps rural businesses to expand and improve their operations, thereby employing people and increasing productivity in rural areas. Employment goes a long way in reducing poverty and promises regular incomes for beneficiaries. In an interview session with Mr. Edem Alubor, Team Leader, Growth and Private Sector Development stated that, DFID has supported various small scale enterprises most especially in Upper East and Upper West Region where young people are been trained and financed to do business such as soap making, hair dressing, agro processing and many others all with the aim of creating wealth which subsequently reduces poverty levels. The DFID’s efforts in partnering government to curb climatic and environmental issues also remains key he added, most especially rural communities whose livelihoods heavily depend on climate and environment phenomena. Agriculture, the mainstay of rural economies, is receiving enormous attention in some rural communities in the northern (Tolon and Builsa districts) and the Afram plains in the eastern region of Ghana.

He however was quick to add that, rural urban migration was the main challenge facing these places since the active and energetic move to the south in search of greener pastures, leaving the aged population. Therefore, to reduce or bridge the south-north poverty
and development gap there needs to be more innovative approaches to empower the youth which DFID is committed to.\textsuperscript{28}

\subsection{3.3.4 Governance}

With respect to governance and conflict, DFID’s main focus in the past was to:

\begin{itemize}
  \item devote 30 per cent of its aid to war-torn and unstable countries
  \item support free and fair elections in 13 counters
  \item help 10 million women to access justice through the courts, police and legal assistance
  \item help 40 million people to hold authorities to account.\textsuperscript{29}
\end{itemize}

It is estimated that up to 4 billion people in the world cannot access fair and functioning justice systems. Many are also deprived of democratic or accountable systems of government. This means they cannot be protected from violence, claim rights to property or access fair remedies if they are victims of crimes or abuses. When institutions work properly the State can provide services that are accessible to all, including health, education and justice creating a conducive environment for investment and doing business which remains crucial in poverty reduction. It is also vital for ensuring that disputes and grievances which can lead to violent conflict are dealt with fairly and peacefully.\textsuperscript{30}

Aid assistance from the DFID to Ghana’s democratic and governance institutions such as Parliament, the Judiciary, the Commission on Human Rights and Administrative Justice (CHRAJ), the Electoral Commissions (EC), the Attorney General’s Department (AGD), amongst others, according to Mr. Gasmin, has been through logistical and training avenues, and has relatively enabled these institutions to fairly function. For instance, DFID trained about 8,671,272 Ghanaians on fair and transparent electoral process in 2008 elections whilst in 2012 elections, it trained about 11,246,982 Ghanaians in a similar exercise.
Although, these initiatives were successful over the years, it has been crippled by political and bureaucratic influences and corrupt practises on the side.

Good governance goes a long way in arresting potential electoral malpractices that can lead to violence, as witnessed in some countries. In rural development efforts, the ability of rural people to elect their representative leaders to local and national offices in a transparent and a fair means, can lead to peaceful coexistence amongst rural folks, and a good development character in promoting peace and tranquillity for overall rural development. Ethnic violence through the ballots can jeopardise years of development successes and the loss of quality human resources needed for rural development.

3.4 Conclusion

Foreign aid has played important roles in Ghana development. DFID is one of the channels of foreign aid from the British government to Ghana. DFID has undertaken many development projects in Ghana. These projects are in health, education, poverty alleviation, wealth creation, among others. These projects have played vital roles in the human development and security of the populations that benefit from them; most of these populations are in the rural areas.
Endnotes

3UK Trade & Investment Annual Report and Accounts (UKTI) November, 2012
4GOV.UK
8World Health Organization (WHO) Global Malaria Report, 2012
10Ibid., p. 13
11GOV.UK
12Ibid
13GOG (2009)
14Ibid
15DFID Operational Plan for 2011-2015 Updated June 2013
16Mr, Dave Gasmin, DFID's Programme Director, British High Commission -interviewed by Hol-Oduro, 7th November, 2014
17Mr. Ramsey Cleland, Director, Europe Bureau, Ministry of Foreign affairs & Regional Integration Interview by Emmanuel Hol-Oduro, 6th November, 2014.
181992 Constitution of the Republic of Ghana
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22Ibid.
23DFID (2013), opt. cit.
24DFID (2009), Tracking the Age of School Enrolment in Ghana, DFID-Ghana.
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29GOV.UK, op. cit.
30Ibid.
CHAPTER FOUR

SUMMARY OF FINDINGS, CONCLUSION AND RECOMMENDATIONS

4.0 Introduction
This chapter focuses on the summary of the study, findings and observations, as well as final conclusion and recommendations.

4.1 Summary
The study sought to establish how development interventions pursued by the DFID is helping in Ghana’s rural development aspirations as stipulated in the GSGDA in critical sectors of the economy namely health, education, governance, poverty reduction and wealth creation which are all geared towards economic growth and helping to meet the Millennium Development Goals (MDGs).

The study extensively used secondary data, interspersed with interviews with officials in the various departments from which information about projects and activities pursued by the study agency was solicited. Chapter two described the aid architecture in Ghana and the role it continues to play in Ghana’s development process. Chapter three commenced with a brief introduction of Ghana-UK diplomatic relations and further elucidated the thematic areas and operational activities of the DFID in Ghana.

4.2 Findings and Observations
The role of the DFID and its development interventions in rural development in Ghana’s development process, the central theme of this study, led to the following findings and observations.
First, the alternative hypothesis of the study which postulated that “DFID has contributed to rural development in Ghana”, has been confirmed by the study with the numerous development interventions provided by the DFID.

Second, the study also confirmed the achievement of the first objective, which is, ascertaining the DFID’s contribution to Ghana’s rural development. The DFID has played significant roles in Ghana’s development leading to major investments in critical sectors including health, education, poverty reduction and wealth creation and governance which have significantly be discussed in chapter three of the study.

It also sought to identify the major challenges that confront the development of rural areas in Ghana. Poor basic infrastructure and amenities such as good roads, electricity, schools, good drinking water, hospitals, amongst others, which ought to have been provided by Government of Ghana are often absent or in very deplorable states. This defeats the spirit of partnership and thus, deters partners from investing in such areas. Partners often build on infrastructure already provided by government, before they partake in the development process.

As regards the third objective, which sought to determine how the DFID is contributing to the realization of the Millennium Development Goals (MDGs) in Ghana, the following observations were made:

First, investments by the DFID in improving the environment and managing climate change which is an important elements in rural agriculture development, ensured food security and helped create employment avenues for the rural poor. This way MDG 1 of eradicating extreme poverty and hunger is being achieved. The poverty level in Ghana fell from 52 per cent in 1990 to 28.6 per cent in 2005.¹

Second, MDG 3 which aims to Promote Gender Equality and Empower Women is being achieved through women empowerment especially, in wealth creation and girl
child education, where traders are given loans to boost their business and given greater assistance in making sure they succeed and giving incentives to retain girls in schools, respectively.

Furthermore, MDG 6 that is, combating HIV/AIDS, malaria and other diseases is also been lessened through the provision of safe drinking water, access to places of convenience and waste management to tackle other diseases such as cholera, guinea worm infestation (which is almost eradicated in Ghana), amongst other water related diseases.

MDG 7, which seeks to ensure environmental sustainability, is equally being achieved through the protection of forest reserves, afforestation and support to communities to protect the environment.

Finally, the challenges facing the DFID in the discharge of its duties were dyadic-domestic and external as well as financial constraints as a result of the global recession. The domestic challenges enumerated were the failure of the Government of Ghana in meeting its financial commitments to some development interventions. This is attributed to the current macro-economic crises the country is experiencing as government has sanctioned moratorium on financial commitment so as to deal with the economic crises. On external challenge as noticed by the DFID, was also financial as a result of the global recession in recent times. This forced the UK Government to implement austerity measures, which ended up affecting ODA, especially to developing countries like Ghana.

4.3 Conclusion

The study has shown that the DFID is playing an active role in the development of rural communities in Ghana. Thus, the resultant development benefits in the achievement of MDGs in the areas of poverty reduction, women empowerment, capacity building of beneficiary communities, health, education, economic growth, sound environmental
sustainability, combating diseases, provision of critical infrastructure, private sector development and financial investments, amongst others, cannot be overemphasised. Accordingly, Ghana-UK relations have been fruitful and should be maintained for mutual beneficial ends.

4.4 Recommendations

As earlier observed, donor fatigue stemming from the current global economic recovery is potently affecting development support to developing countries and Ghana is not an exception. It is in this light that Ghana should be proactive in this globalised world, where nations are competing for scarce resources for national development. Therefore, the following should be adhered to by the Government of Ghana in order to chart a course towards a holistic development to improve the standards of living of the citizens.

Ghana should in the near future reduce its overdependence on development aid and redirect its effort in generating domestic resource for rural development, since these aids come with conditionalities. Revenue agencies should expand the tax pool, block revenue leakages and sanction defaulters as well as expand the tax net to envelop especially the non-formal sector.

Finally, the National Development Planning Commission (NDPC) should integrate and coordinate all development aid activities so as to channel them to specific development-trapped sectors especially in rural communities. This effort in long term will help avoid duplication of activities to promote development.

The recommendations do not suggest that aid in itself is bad for Ghana’s development. However, its overdependence is problem. The adoption of these measures will address the problem.
Endnote

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