

**Advanced seminar on Decentralization
and local governance
02.06 to 05.06.2012**

***Using different strategies and aid
modalities to strengthen the political and
societal base and demand for
decentralization
The case of Ghana***

03.07.2012

Daria Fané, EU Delegation to
Ghana

Decentralization process in Ghana

- Decentralization system in Ghana shaped by the 1992 constitution which marked transition from military rule with socialist elements to multi-party democracy
- Establishment of a hybrid system with strong representation of sector functions at district level and important financial allocations whilst keeping central control over political choices (constitutionally enshrined) as well as business processes for service delivery (financially and administrative)

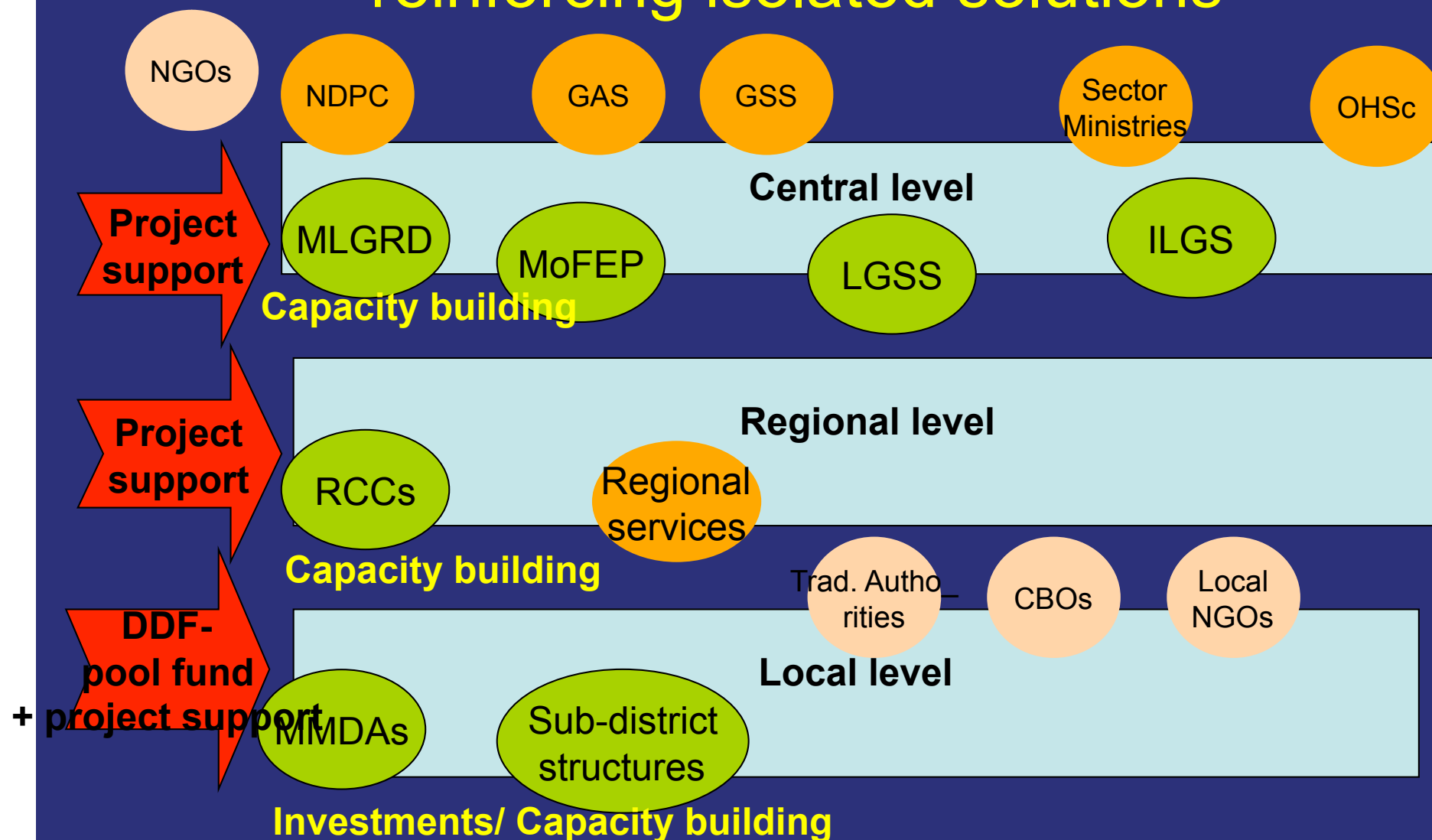
Decentralization process in Ghana

- Several steps undertaken towards further fiscal and administrative decentralization (e.g. establishment of the Local Government Service in 2003, draft national decentralization action plan in 2007) remained rather ineffective and were neutralised by recentralizing laws
- The second change of government in 2008 bringing back 'Rawlings' party to power generated political pressure to "finish an unfinished business"
- A small group of highly influential people (former Minister of Local Government ; the former de facto Prime Minister under Rawlings and the Vice President) together with some well experienced and knowledgeable technocrats pushed for reforms on two levels:
 - Broad based consensus building around a very broad and generally shared decentralization policy framework and action plan (2010)
 - Targeted pressure from the highest level on core changes (composite budgeting 2011)

Challenges faced internally:

- Weak coordination with other Sector Ministries and Ministry Finance Interministerial Coordinating Committee was not functional
- Lack of shared understanding created resistance and bottlenecks in implementation
- A part from decentralization policy framework and action plan no further coordination and planning around key steps of administrative and fiscal decentralization => prioritising/sequencing/ costing
- Lack of transparency/ understanding for the districts and communities on benefits of decentralization = monitoring of progress?

Challenges with development cooperation reinforcing isolated solutions



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Challenges with development cooperation: bottlenecks to alignment and harmonisation

- **Central and Regional level**
 - Alignment with decentralization policy framework priorities?
 - Harmonisation of project support rather ad hoc coordination
 - No cross-institutional workplans directing needed donor support for specific areas – no gap analysis with GoG funding
 - Lack of coverage of certain important areas / firefighting
- **Local level**
 - DDF: high level of harmonisation and coordinated support
 - Certain level of pressure on national reforms but not sufficient
 - Constraints at national level that cannot be solved through DDF impact negatively on performance of the Districts

EU Ghana Decentralization Support Program – components: 2 levels

- **Component 1 = supporting key bottleneck areas to move the reform process and coordination**

Institutional support component 2011 – 2015 – project support 5 Mio EUR; capacity building and technical assistance for

- Decentralized Human Resource Management (Local Government Service)
- Policy Coordination and Monitoring under IMCC (IMCC Secretariat)
- Social Accountability Platform

- **Institutional support outside project: support to implementation of composite budgeting and PFM=improvement plan and future expenditure assignments**

- **Component 2**

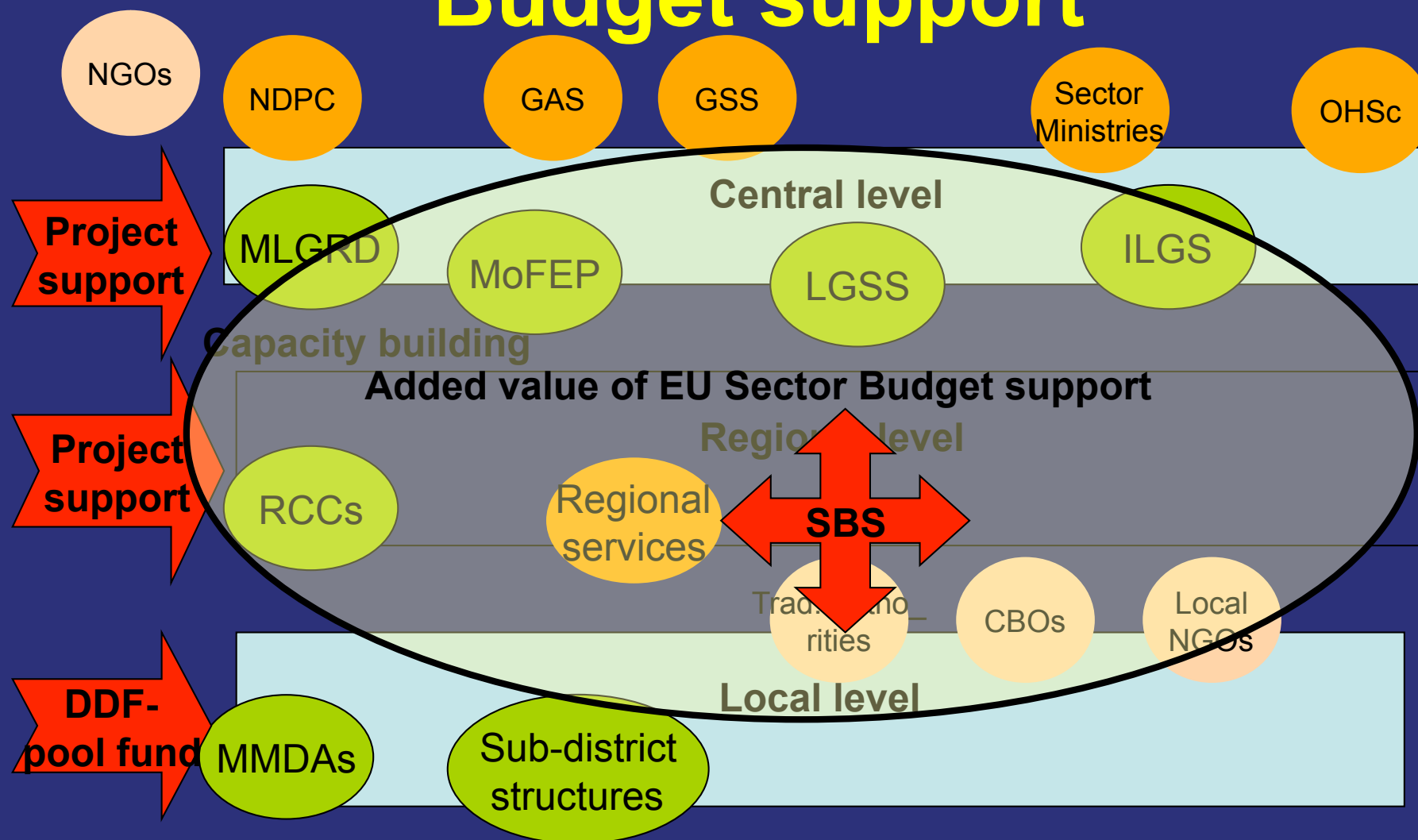
Sector Reform Contract component 2013- 2015 – sector budget support 45 Mio EUR; linked to critical indicators from decentralization policy framework (mainly process/ mix outcome/ output)

- Political decentralization/ legal framework
- Administrative decentralization
- Fiscal decentralization

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- **Service delivery key areas of schedule 1 decentralization**

Added value of EU Sector Budget support



Added value of EU Sector Budget support

- **Sector Budget support requires**
 - A strong and living policy framework
 - An estimation of the costs involved in implementing the policy framework
 - A common framework for performance monitoring
 - Coordination and harmonisation between GoG and DPs
 - Understanding of institutional bottlenecks and how to address them
- **It therefore stimulates**
 - Focus and alignment on the GoG policy and its costing
 - A systematic approach to performance review with agreed indicators which testify progress on key reform areas
 - Strong coordination and harmonisation structures within GoG but also with DPs
 - Harmonisation on capacity building and cross-institutional work solutions

But this would not work without...

The targeted project interventions to

- **Fill financial and technical gaps of core actions with strategic impact from the decentralization action plan**
 - **decentralized human resource management**
 - **Implementation of composite budgeting**
- **Strengthen coordination and monitoring**
 - **Support to IMCC secretariat**
 - **Support to social accountability platform**
 - **PFM improvement plan**

Lessons from the Ghana case

- Real and sustainable reform processes generally emerge from within a system
- In a context of multiparty democracy and open political environment consensus building for reforms is lengthy, complex and achievements can be at stake at every moment
- Reform in open competitive systems need therefore to be based on two levels:
 - on a broad based cross-partisan consensus building on the core objectives and the way to achieve them
 - On a group of champions/ strategic alliance operating at the highest political level and pushing for

Lessons from the Ghana case

- Reform processes mean change for the people involved, a pressure for them to do things differently and give up acquired roles, positions and benefits
- People are generally change adverse and will oppose reform processes unless a real sense of necessity and urgency is created around those reforms and people can really understand the benefits for them
- Reform in open competitive systems need therefore to be based on two levels:
 - on a broad based cross-partisan consensus building on the core objectives and the way to achieve them
 - On a group of champions/ strategic alliance operating at the highest political level to create the pressure for change and push for the reforms to happen

Lessons from the Ghana case

- The quality of a reform processes can therefore not so much be measured by the level of perfection of the underlying strategy/ policy and action plan but rather by what meaning and understanding key stakeholders attribute to those strategies and actions, how much the understanding is shared and leading into the same direction and how much it is really guiding their day to day activities
- Strategy development, work planning and implementation is not a linear processes but an incremental one and too often plans are overtaken by realities and planners have difficulties in keeping track with implementation.
- As much as plans are important it is therefore also necessary to accept that initial strategies and plans are not accurate enough and need to be adjusted from experiences gained during implementation
- Implementing reform processes needs therefore both: strategic thinking and inclusiveness but also flexibility and top down pressure.

Lessons from the Ghana case

- To be effective policy dialogue and aid should
 - Only support reform processes which are really shared as a matter of priority by the Government
 - Be aligned to the rhythm of consensus building and reform pushes created within the system
 - Strengthen coordination and monitoring (it's worthwhile investing)
 - To do this effectively be strategic, well planned program/sector based but at the same time contain an element of flexibility and direct support were things are moving faster or differently than expected.
- Decentralization reforms need strengthening and monitoring from different levels = the right mix is important
 - National / regional for supporting and performance monitoring for policy reforms (program based e.g. sector budget support)
 - National/ regional for selected strengthening of selected key institutions
 - Local for development of district capacity support and performance monitoring (performance based unconditional transfers e.g. through investment funds)