

**Country Assistance Program
for
the Republic of Ghana**

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1. Philosophy and Objectives for Japan's ODA to Ghana

(1) Significance of Japan's assistance to Africa and its ODA to Ghana

African development is an important challenge shared by the international community. With the recognition that "There will be no stability and prosperity in the world in the 21st century unless the problems of Africa are resolved," Japan as well assumes the responsibility for contributing to Africa's development, in ways commensurate to its economic power, based on the principles of its Official Development Assistance (ODA) Charter. The African region, which has tended to be left behind by economic globalization, now demonstrates its firm commitment to overcoming dependence on aid and taking necessary measures for achieving sustainable development and poverty reduction. For long, Japan has embraced "support for self-help efforts" as the basic principle of its ODA. Japan believes that it can make meaningful contributions to promoting and supporting the self-help efforts of African nations by analyzing the past assistance to Africa extended by the international community and reviewing the aid approaches.

Since its launch of the Tokyo International Conference on African Development (TICAD) process in 1993, Japan has been formulating policies that emphasize Africa's own commitment to its development. Japan has been promoting this process as the pillar of its diplomatic policy for Africa for over 10 years. It is noteworthy that African nations in the meantime have come to create the New Partnership for African Development (NEPAD) as their new initiative for self-reliant development. Japan highly values and respects this approach taken by African nations and their current efforts, which aim at growing out of a state of aid dependence, setting up a road map to realize NEPAD through trial and error, and achieving development for themselves and by themselves. The new approach taken by African nations, as represented in the NEPAD initiative, also signifies a sense of the crisis perceived by these nations. African nations continue to face vulnerable economic foundations, social and political instabilities, and consequently the ever-widening gap between their achievements and those of Asian nations which gained independence at almost the same time as the African nations.

The Millennium Development Goals (MDGs) of the United Nations (UN) have reached the halfway point toward the deadline of the year 2015. Now that the African region is considered to face difficulty in achieving most of the goals established in the MDGs, it has become necessary to review the past aid approaches extended to the region by the international community from various aspects. Despite such difficulty, African nations have begun to make their own, independent efforts in overcoming poverty and improving the quality of basic social services such as health and education. To support these efforts, at TICAD III in 2003 Japan announced its policy on aid to Africa consisting of three pillars: (1) Poverty reduction through economic growth, (2) Human-centered development and (3) the Consolidation of peace. These pillars acknowledge the current efforts by the African nations in overcoming the challenges to development, as well as the need to strengthen the basis of nation-building as their underlying premise. The international community has intensified its support to African development, as exemplified by the 2005 G8 summit meeting which discussed the issues related to Africa as the main agenda. As

part of this international effort, Japan has also enhanced its focus on Africa throughout its overall ODA policies. The Government of Japan has expressed a plan to double its ODA to Africa over three years, with grant aid continuing to be the center of the increased assistance. Japan considers it essential to achieving concrete results from such aid in collaboration with other development partners, in order to realize its diplomatic objectives not only for African nations, but also for the entire international community.

Given political and economic diversity among African nations and in light of the need to promote effective and efficient aid within a limited budget, Japan must make its aid effective tailored to each country while concurrently strengthening the selectivity and focus of its ODA allocation to a certain degree. It is important that these moves will lead to successful examples of development, which can be eventually scaled up through demonstration effects. Ghana achieved the democratic transfer of political power through the 2000 election, and has since consolidated political and social stability under the administration of President John Agyekum Kufuor. The country played a leading role in efforts to stabilize the volatile West African region (through a peace conference arranged for Liberia, arbitration efforts for Côte d'Ivoire, etc.) during 2003-2004 when it assumed the chair of the Economic Community of West African States (ECOWAS). Ghana is also a pioneer of pan-African diplomacy and development initiatives, as can be seen through its leading role in the African Union (AU) and NEPAD. Ghana thus occupies an important position as a key player in shaping the recent trend where the people of Africa solve their problems with their own hands. At home, Ghana's past administrations have set a goal of rising to the level of a middle-income country by around 2020. The incumbent government has moved up this deadline to 2015, demonstrating its ambitious commitment to growth-oriented development. In this manner, the government is currently making strenuous efforts in steering the country toward achieving economic development and poverty reduction.

All these illustrate that Ghana is one of the few countries in the West African region, which is advancing nation-building on a stable path. Japan considers it important to extend assistance to Ghana in light of its ODA policies to Africa mentioned above, and also as a country where relatively promising development impacts can be expected through the assistance. Therefore, Ghana is regarded as a model country for Japan's aid to Africa.

(2) Objectives of Japan's ODA to Ghana and priority pillars

Ghana has established political and social stability and been playing a leading role in West Africa. Yet the country faces many development challenges at home, such as vulnerable economic structure, regional disparities and severe poverty. Whether the incumbent government can successfully achieve its ambitious development goals depends on its ability to properly address these challenges. In other words, Ghana has a pioneering role in still fragile West Africa and is a test whether democratic and stable management of the economy and politics can lead to the improvement of the livelihood of a majority of the population. In this regard, it is important to assist the endeavors by Ghana—as a model country of stability and development—to achieve sustainable development not only for the sake of Ghana itself but also for West Africa and Africa as a whole. Based upon these

recognitions, Japan considers it necessary to intensify its ODA to Ghana as a priority assistance country in Africa, in accordance with the policies established through the TICAD process.

(a) Poverty reduction through economic growth

Ghana's economy recorded stable growth throughout the period of structural adjustment (from the 1980s to the early 1990s) and was once praised as one of the best success stories by the International Monetary Fund (IMF) and the World Bank. In recent years, the country has once again been showing good performance in terms of macro-economic indicators (economic growth rate of 5.8 percent in 2004; annual inflation rate in the mid-10 percent range; etc.) and of improvements in the ratio of the population in poverty. However, Ghana is yet to make substantial upgrading of its industrial structure and remains excessively dependent on the export earnings of limited primary commodities; its economic growth, which relies on aid and imports; and in the nature of its economic activities, which is largely dominated by the public sector. Given the widening regional gaps and income disparities, the country needs to attain self-reliant economic growth from a long-term perspective, in order to improve the conditions of poverty.

Among the countries which have formulated Poverty Reduction Strategy Papers (PRSP), Ghana has been emphasizing growth factors since an early stage. This is presumably based on the lessons learnt from its past development experiences. More specifically, The Ghanaian government does not simply suffice for "aiming at poverty reduction and good governance"—which focuses on just one aspect of poverty reduction (improving the social development index)—by improving social service delivery for the people through the effective use of assistance from the international community. The government recognizes the further need for "gaining the economic power to achieve the improvement of social services and make it self-sustainable." The revised Growth and Poverty Reduction Strategy (GPRSII) has stronger emphasis on the importance of sustainable growth.

Japan is well positioned to extend aid to Ghana, taking full account of Ghana's political commitment to sustainable growth. This position is underpinned with Japan's long-standing assertion, as reconfirmed in its latest Mid-Term Policy on ODA that there is a need to help the country grow out of aid dependence, specifically through the promotion of economic growth, in order to improve and sustain the living standards of the people. Therefore, it is vitally important for Japan to assist Ghana's current efforts to achieve economic growth, which should also contribute to the achievements of the MDGs.

As discussed above, the Ghanaian economy is still dependent on imports and largely dominated by the public sector. As such, in order to help the country achieve economic growth accompanied by poverty reduction, it is necessary to continue assistance in a selective manner, for the improvement of social services of the majority of the people who are under the difficult living environment as discussed in the next section (b).

Concurrently, it is also necessary to provide assistance for growth promotion in a more concentrated manner, through the vitalization of the private sector, the promotion of production in rural areas and increases in income and employment, and consequently to enhance the quality of life of the Ghanaian people. Such assistance for growth promotion should properly take account of the actual conditions within the country and be tailored to the needs.

(b) Human-centered development

Despite its recently stable performance in terms of macro-economic indicators, Ghana still remains as a Low Income Countries (LIC), with its per-capita Gross National Income (GNI) at US\$380 in 2004 (source: the World Bank). Ghana was also ranked low in terms of the Human Development Index (HDI) compiled by the United Nations Development Programme (UNDP) at 138th place among 177 nations in 2005. Along with the ongoing economic liberalization, there is a tendency of rising income disparities among the populations, including the widening regional disparities in terms of the quality of social service delivery, such as education and health. Such rising disparities raise a source of concern over the maintenance of social stability, and make it imperative to raise the living standard of the poorest segment of the population. The regional disparities are particularly serious between urban and rural areas, and there is a need to improve the access to social services and expand employment opportunities in the rural areas. Especially the northern regions of the country—where the ratio of population in absolute poverty is greater than elsewhere—face serious shortage in the access to basic education and health and medical facilities, as well as threats to securing the minimum basic livelihood of the population.

The perspective of “human security” promoted by Japan is essential to addressing these challenges faced by Ghana. It is necessary to regard each individual as an “actor of development” and to seek efforts to empower local society through the “development of human resources.”

(c) Ghana’s role in consolidating peace in the region

Ghana actively mediated a peace agreement to stabilize domestic tensions in Côte d'Ivoire and Guinea-Bissau during its chairmanship of ECOWAS from 2003 to 2004. Ghana also strove to achieve a comprehensive peace agreement for the conflict in Liberia. The country was also actively involved in the UN’s peace keeping operations (PKOs) in Sierra Leone and Liberia, and thus, has been playing a leading role in establishing peace in still fragile West Africa.

Many African nations are caught in a vicious cycle wherein the failure of democratization and persistent poverty cater into a hotbed of conflicts, with such conflicts then hindering the progress of democratization and the reduction of poverty. As such, whether Ghana can succeed with its efforts for long-term stability and sustainable development as a democratic nation is the key not only to the stability and development of West Africa, but also to those of the entire African region. For Japan, which has been emphasizing the “consolidation of peace” in the TICAD process, it is

vitality important to assist Ghana in achieving democratization and peace in Africa. Japan trusts that the Ghanaian people, on their way to political and economic democratization, will succeed in achieving self-reliant development and social stability and improvements in their livelihoods and that Ghana's success will have demonstration effects and send a strong message to other nations in the region.

2. Development Situations in Ghana

(1) Overview of politics, the economy, and society

- There has been steady progress in democratization since Ghana transitioned to a civil government in 1993. The country achieved its first ever peaceful shift of political power through an election in January 2001, through which the administration of Jerry Rawlings of the National Democratic Congress (NDC) gave way to the leadership of John Agyekum Kufuor of the New Patriot Party (NPP). President Kufuor was reelected in the presidential election of December 2004. In his second term, the President announced “Positive Change Chapter 2” aimed at the accelerated development of the economy, and the three priority areas: (1) developing human resources; (2) developing the private sector; and (3) maintaining good governance.
- Ghana has promoted structural adjustment policies since 1983 with the support of the IMF and the World Bank. Partly due to the progress in state-owned enterprises in the mining sector, for the approximately 20 years that followed the country maintained an annually growth rate of real gross domestic product (GDP) at about 4 to 5 percent on average, which is relatively high for Sub-Saharan Africa. The growth rate reached 5.8 percent in 2004, the highest in the past 10 years.
- Nevertheless, the structural adjustment efforts have yet to realize the vitalization of the private sector in a sustainable manner. The reality of Ghana's “success story” has been supported by the expanded access to imported goods as a result of liberalization and the increased consumption as a result of the influx of capital. In particular, there has been no major improvement in its industrial structure ever since the pre-independence period, and the country remains vulnerable to the fluctuation of international markets.
- Ghana still relies on primary commodities such as cacao, gold, and timber (accounting for about 70 percent of the country's exports) for foreign exchange earnings, and the contribution of other industrial segments remains low. Although there were some changes in the structure of GDP from 1983 to 2003, such as increases in industry (6.6 percent to 24.8 percent) and services (33.6 percent to 40.1 percent), agriculture declined (59.7 percent to 35.2 percent) while manufacturing stagnated (3.9 percent to 8.4 percent). GNI per capita remained at US\$380 in 2004 (source: the World Bank).
- Decentralization has been progressing gradually in Ghana. There are ongoing efforts in establishing the legal framework (such as the promulgation of the Local Government Service Act [Act 656] in 2003) and consolidating budgets for district assemblies (such as the composite budgets). However, in reality, a clear division of roles is yet to be established between regions and districts and their collaboration is very limited, although the stated policy emphasizes the promotion of decentralization at both levels of policymaking and public service provision. Furthermore, districts (currently 138 districts nationwide) have limited capacity for formulating, implementing, and monitoring

respective development plans, and also face insufficiency in human resources development in rural areas (or difficulties in transferring and maintaining human resources in rural areas). These indicate that the progress of decentralization is and will continue to be overcome in the future.

(2) Issues of economic and industrial structures

- The economic growth of the past 20 years has been primarily led by household consumption and government spending and not yet resulted in an increase in private investment. Increased FDI inflow in the mining sector, after structural adjustment reform, has had limited spill-over effects on the entire economy. A sustainable “virtuous cycle of growth” (public investments and consumption → expansion of private investments → economic growth → increases in tax revenue → expansion of public investments and consumption) is yet to be established.
- Large budget deficits caused by a lack of the government’s fiscal discipline have been a major barrier for the Ghanaian economy, causing inflation and rising interest rates. Because of such barriers, in the past 20 years the country has hardly implemented policies or executed its budgets in line with the plans for fiscal and structural reform stipulated under the policy measures such as the “Policy Framework Paper,” which was formulated through negotiations with the IMF and the World Bank. Main reasons for this failure lie in the fact that the country’s fiscal system did not operate as stipulated by law and that public financial management (PFM), such as the efficient and effective control of budgets, has failed to function. These can be attributed to problems in the ability of policy implementation rather than to those in the policies themselves.
- Sluggish private investments are mainly due to the public sector deficits, which have been caused by a lack of fiscal discipline, the resultant inflation, and an upsurge in interest rates due to the increases in domestic debts. Furthermore, the domestic savings rate remains low (5.6 percent of the GDP in 2003, the World Bank) due to the low credibility of the financial system. The gap between investments and savings is covered by external financing, especially the heavy reliance on ODA funds (accounting for more than 70 percent of the government’s development budgets). As a result, there is a pattern in which the massive influx of public funds has been suppressing the private sector. Foreign Direct Investment (FDI) remains sluggish. Although remittance from the overseas Ghanaians is estimated to reach the sum equivalent to the export of cacao, most of this money is concentrated in such investments as the construction of individual houses, without leading to investment that assists in the sustainable expansion of employment or production.
- In addition to the economic and financial environment discussed above, underdeveloped infrastructure, together with shortages of capable entrepreneurs, engineers, and other human resources, have left the country’s manufacturing sector exposed to international competition without sufficient preparation. Although public sector organizations have a potential role in removing these bottlenecks, no policies exist for promoting industrial development, including measures for small-and medium-enterprises, further constraining the development of the manufacturing sector.
- On the other hand, non-traditional export products (processed marine products, fruits, light industrial products, etc.) for markets in the European Union (EU) and ECOWAS are

on the rise, although their export volume is still limited. The Ghanaian authorities recognize that to accelerate these trends, it is essential to improve the product quality and strengthen competitiveness. Furthermore, there has been notable expansion of tax revenue since the second half of 2004, thanks to the continued efforts to decrease the leakage of tax collection, through such measures as the establishment of information network of customs at import locations.

- Agriculture remains the core industry, absorbing 50.7 percent of the country's working population (2004). The growth rate of the agricultural sector has recently increased from 6.1 percent (2003) to 7.5 percent (2004) (from the 2006 Budget Statement and Economic Policy of the Government of Ghana). However, as agricultural production largely depends on rainwater (with irrigated land accounting for only 0.36 percent of the country's entire farming land), the sector is faced with the problems that the volume of production and the growth rate are largely influenced by climatic factors. Another characteristic of Ghanaian agriculture is that 80 to 90 percent of the agricultural production is run by small-scale farmers. Therefore, for the promotion of agricultural development, it is necessary to treat agriculture as economic activity and take appropriate measures in each of the areas such as cultivation and post harvest activities, processing of agricultural products, and marketing, by duly considering the needs of individual small-scale farmers or farmers' organizations.
- Because of the steady production of edible rootstalk crops such as cassava and yam, no serious shortages of food have been observed in most of the country. However, to raise the income of farmers and reduce poverty, it is essential to diversify the variety of products, shift production to the products with growing demand, and produce the higher value added. There is also a need to enhance the response capacity, tailored to specific farming situations, in addressing bottlenecks related to production technology, land, post-harvest techniques and processing, storage, markets and distribution, and infrastructure, among others. At the same time it is important to promote rural and agricultural development, in light of possible linkages with non-agricultural economic activities.

(3) Issues of poverty and domestic disparity

- The poverty ratio dropped from 52 percent in 1991/92 to 40 percent in 1998/99 with the ratio of extreme poverty also decreasing from 36.5 percent to 26.8 percent (4th Ghana Living Standards Survey, 1998/99). These represent considerable achievements stemming from efforts by Ghana's successive administrations and the endeavors of development partners.
- Nevertheless, these achievements in poverty reduction are not even, and there have been widening gaps by region (between urban and rural areas; south and north; and among zones of agroecological type in the southern areas) and by occupation (for example, between salaried workers and farmers engaged in crop production for domestic consumption) (In the 1990s, the ratios of poverty and extreme poverty rose in the Northern Region [N], the Upper East Region [UE], and the Central Region [C]). The poverty ratio is particularly high in the three northern regions (N: 69 percent; UE: 89 percent; and Upper West [UW]: 86 percent).
- As a general trend, the poverty ratio is higher among the farmers producing crops for

domestic consumption than those producing crops for export. This gap reflects the differences in international commodity prices, the delay of mechanization, the lack of processing and storage facilities, and the limited means of transportation. In the case of certain agricultural products (rice and livestock products, particularly chicken), the farmers concerned have no access to opportunities for technological innovation in order to improve the quality of crops and productivity so as to withstand competition from imported products.

- In terms of such social indices as health and education, Ghana is ranked relatively high in the Sub-Saharan African region, but is below the average of the entire developing countries. Ghana has an under-five infant mortality rate of 111/1,000 live births and an average life expectancy at birth of 57.5 years (55.4 years for men and 59.6 years for women). Its gross primary school enrollment rate was 87.50 percent (Preliminary Education Sector Report, 2005) and the literacy rate was 53.4 percent (Core Welfare Indicator Survey, 2003). Regional disparity is particularly serious in terms of the access to social services (infant mortality rate: 33/1,000 live births in UE and 105/1,000 live births in UW; under-five mortality rate: 75/1,000 live births in the Greater Accra Region, and 208/1,000 live births in UW). The latest survey (2003 Health Sector Review) points to the deterioration of basic health indices such as the under-five mortality rate, the maternal mortality rate, and under-five malnutrition, calling for special attention (the above health indices quoted from the National Demographic Survey, 2004).

(4) Summary

To achieve the development goals established by Ghana itself, the country needs to:

- Reduce and grow out of the dependence on imports and aid and endeavor to attain self-reliant economic development. To this end, sustainable growth is essential, and it is necessary to promote local industries, create job opportunities, and diversify the production structure with the higher value added.
- Improve social services while at the same time strengthening the capacity for service provision with its domestic resources during the process of attaining self-reliant development.
- Foster the common recognition regarding macroeconomic management, especially on the need to transform the economy from the public-sector led growth to the private-sector led growth.
- Promote agricultural production and increase income in rural areas. It is essential to consider growth promotion from a long-term perspective, since this requires the provision of development funds in such a way to reinforce linkages between agriculture and industry, with due consideration to the characteristics of target areas.
- Manage budgets effectively and efficiently in line with the GPRS/GPRS II, based on the lessons learnt from the past policy implementation, and properly implement policies for decentralization. To this end, it is necessary to improve the capacities of public administration at the levels of central and local governments (regions and districts), the relevant systems and the human resources involved in policy implementation.

3. Ghana's Development Strategy and Trends in Assistance

(1) Ghana's development strategy

- Currently, there is a shared recognition between the Ghanaian government (ministries, departments, and agencies) and the donor community that the Ghana Poverty Reduction Strategy (GPRS) and the recently revised Growth and Poverty Reduction Strategy (GPRS II) are the basic framework for Ghana's development strategy. The IMF and the World Bank endorsed the first GPRS in 2003, and the Government of Ghana has been requesting all the development partners to align their assistance to this document. The development partners have also agreed to mutually collaborate and provide their assistance in line with the GPRS.
- Prior to the introduction of the GPRS, or on the occasion of its formulation, the Ghanaian government formulated various types of sector plans (education, health, roads, agriculture, etc.) and has been making efforts to ensure their alignment to the GPRS. There is a shared understanding that each sector plan should be consistent with and closely linked to the GPRS. However, it is also recognized that there remains room for improvements in strengthening the linkages among the Medium-Term Expenditure Framework (MTEF), the annual budget, the GPRS, and the budget for each sector plan.
- The first GPRS (2003-2005) has "An Agenda for Growth and Prosperity" as its subtitle, and presents five thematic areas. These are: (1) Macroeconomic stability, (2) Increased production and gainful employment, (3) Human development and provision of basic services, (4) Special programmes for the vulnerable and excluded (5) Good governance. The recently revised GPRS II (2006-2009) is entitled "Growth and Poverty Reduction Strategy". While the GPRS II essentially focuses on the above five areas, they are consolidated and organized around the three pillars: (1) Private sector competitiveness, (2) Human development and basic services (which includes responding to the socially vulnerable), and (3) Good governance and civic responsibility.
- In 2001 the Government of Ghana applied for the Enhanced HIPC Initiative, which is an international framework designed to provide debt relief to Heavily Indebted Poor Countries (HIPC). Upon reaching the Completion Point (CP) in July 2004, the government had received approval in principle for US\$3.5 billion (net US\$2.2 billion, Economist Intelligence Unit [EIU] data) worth of debt relief (of which the amount of debt canceled by the Japanese government accounted for 104,678,190,000 yen [equivalent to approximately US\$1 billion], and the two governments signed the Exchange of Notes in December 2004). The Government of Ghana has set up the HIPC fund by utilizing the savings generated through such debt relief, including the portion of debt reduction by international financial institutions, and allocated this fund exclusively for reducing domestic debt (20 percent of the HIPC fund) and supporting programmes aimed at poverty reduction (basic education, health, water/sanitation, rural infrastructure). In addition, with a view to preserving its debt repayment ability, the Government of Ghana intends to mobilize external borrowing only in concessional terms.
- ODA for Ghana has been gradually increasing, from US\$376 million in 2000, to US\$396 million in 2001, US\$406 million in 2002, and US\$478 in 2003 (net base, based on the statistics of the Development Assistance Committee (DAC) statistics). Out of this the United Kingdom contributed US\$131 million, and the International Development Association (IDA) provided US\$196 million in 2003. (The IDA has been substantially increasing its assistance to Ghana since 2003.)

(2) Trends in the donor community

- Since the adoption of structural adjustment policies (1983 on) many of the development partners, including Japan, have come to regard Ghana as a priority country in respective ODA programmes for Africa and have begun to provide significant amounts of assistance to Ghana. Moreover, upon entering the post-structural adjustment phase particularly since the mid-1990s, Ghana has been adopting a sector programme approach in the health and education sectors, and in 1999 became a pilot country for the World Bank's Comprehensive Development Framework (CDF). Thus, Ghana has been regarded as a "success story" by donor agencies that evaluate its political stability (governance). The recent years have seen active development partnerships with the GPRS as the common policy frameworks. A notable development in this regard was the creation of the Multi-Donor Budget Support (MDBS) framework in 2003, under the leadership of the World Bank and the United Kingdom. As general budget support, the MDBS is expected to serve as a tool for implementing the GPRS. (Aside from the World Bank and the United Kingdom, the European Commission [EC], Canada, the Netherlands, Denmark, Germany, Switzerland, France, and the African Development Bank [AfDB] participate in the MDBS, with Italy scheduled to take part from 2006 onward. Japan and the United States are not participating at present).
- Under the MDBS framework, development partners and the Government of Ghana establish a common policy framework and targets (triggers) for each year that have decided upon in advance. Then, upon the fulfillment of the conditions, each development partner directly disburses the pledged funds into Ghana's national treasury. (Half of the annually pledged amount is disbursed in the first half of the fiscal year, with the remaining half to be disbursed upon the confirmation of the progress in the latter half of the year; only the World Bank makes its contribution in one lump-sum at the middle of the year.) In addition, there has been progress in the harmonization of aid procedures, and in February 2005 the MDBS partners, as well as Japan, the United States and various UN organizations, signed the joint memorandum on Harmonization and Alignment in Ghana for Aid Effectiveness. Furthermore, Harmonization Matrix was formulated based on the discussions at the Consultative Group Meeting for Ghana in November 2005.
- On the scale of ODA provisions, the World Bank and the United Kingdom are the two largest partners (accounting for slightly more than 40 percent of all aid; net base). In terms of bilateral development partners, Japan comes in the sixth place after the United Kingdom, the United States, the Netherlands, Denmark, and Germany (2003 DAC statistics). Currently, Japan provides grant aid and technical cooperation to Ghana, totaling approximately 3 to 4 billion yen per year.
- Since the late 1990s Ghana has formulated a health sector programme ahead of other countries and established a system for sharing comprehensive sector policies between the government and development partners. In the initial stage, a "common basket" approach was adopted under the health sector programme, and the United Kingdom, the Netherlands, Denmark, the EC, and the World Bank directly provided the Ministry of Health with pool funds earmarked to the sector. However, along with the creation of the MDBS which may potentially provide competing funding sources, the Ministry of Health has begun shifting its original policies so as to accept the funding modalities other than

pool funds, as long as they are in line with the policy framework established by the health sector programme.

- Aside from the health sector, the Ghanaian government has already formulated or plans to prepare sector programmes in education, roads, agriculture, decentralization, and public sector reform. One of the motivations for introducing sector programmes among the government's line ministries, departments and agencies has been to acquire sector-specific pool funds, similar to the one arranged in the health sector. However, the possibility of establishing large-scale, sector-specific pool funds, with the participation of the majority of development partners, is currently decreasing as a result of the establishment of the MDBS. Yet the formulation of sector-wide, comprehensive development strategies has fostered strategic thinking among the line ministries, departments and agencies. It is also clear that this has yielded positive effects, by encouraging the improvement of the decision-making mechanisms within the ministries, which should be the case under normal conditions. In conjunction with these developments from the Ghanaian side, several partners have established and/or plan to establish sector budget support and pool funds. Examples include: private sector development (EU [sector budget support], the United Kingdom [pool fund], etc.); education sector (the World Bank, United Kingdom, Netherlands [sector budget support]); and agriculture sector (Canada [sector budget support]). Furthermore, there is a move to establish pool funds for monitoring and evaluation, and public financial management (PFM), as well as budget support earmarked to specific activities and sub-sectors, such as decentralization (Germany) and trade and investment (Denmark), etc.
- Furthermore, it has come to be widely shared that development partners should align their aid to the government's budget cycle and the GPRS strategic priorities, even in cases where joint procedures such as budget support are not adopted. Among development partners it is understood that the MDBS is the main tool for supporting the implementation of the GPRS and serving as an important function for aid coordination. As such, it is necessary to acknowledge the significance and impact of the MDBS, which has come to account for one third of the total aid disbursements. The contributions to the MDBS by development partners total approximately US\$310 million (slightly less than US\$130 million annually by the World Bank's Poverty Reduction Support Credit [PRSC, including grant portion], and slightly more than US\$180 million of budget support from the other nine partners).
- At the same time, it is important to note that all development partners participate in debates on aid coordination on an equal footing, regardless of whether or not they have contributed to the MDBS. In addition, one of the notable developments in the process of mainstreaming of general budget support over the last two years or so, is the improvements in the information sharing between development partners, as well as between the government and partners. Throughout this move toward the harmonization of aid procedures, it has become a practice that bilateral partners, the World Bank, and the IMF conduct joint reviews of the progress of the GPRS biannually; substantial progress has been also made in handling the preliminary requests for materials and sharing the information among development partners. Moreover, it is often the case that development partners coordinate and take a common position when they have specific

requests to the Ghanaian government. Since both the partners and the government come to recognize benefits of such aid coordination, it is expected that this tendency will be further strengthened in the future. On the other hand, presently each partner has a certain degree of freedom and mutual respects for conducting independent policy dialogues based on their respective comparative advantages and interests. Moreover, the Government of Ghana itself is increasingly requesting development partners for greater standardization and harmonization of their aid procedures. These points are the major characteristics of aid coordination in Ghana.

(3) Characteristics of each donor

- (a) World Bank: Using the PRSC as a main instrument (approximately half of its total lending programme, the World Bank is providing the IDA financing in the education, health, agriculture, and infrastructure (urban and rural) sectors. It is also providing the IDA financing, credit guarantees, or similar financial instruments to support the capacity building for financial management and public administration, as well as the energy sector (construction of power stations, the West African Gas Pipeline).
- (b) United Kingdom: Using the MDBS as a main instrument, the United Kingdom is supporting the capacity building for financial management and public administration, agriculture and rural development, and private sector development. Moreover, it plans to integrate the current assistance to the health sector (based on pool funds) into the MDBS in the future, and since 2004 has begun a pioneering attempt of harmonization, by delegating the policy support functions to health advisers in the Netherlands and sharing views and information with the Netherlands authorities. Furthermore, in the education sector as well, it is promoting budget support, with educational advisors from the Department for International Development (DFID) assuming the policy support functions and sharing the information and views with the Netherlands.
- (c) United States: The United States is implementing projects and programme-type assistance in the areas of democratization and governance, private sector development, basic health and education. There is a possibility that the United States will provide large-scale infrastructure support in the future, given the fact that Ghana has been selected as a country eligible for the Millennium Challenge Account (MCA).
- (d) Canada: Placing Ghana as a priority assistance country, Canada plans to increase the amount of its aid to Ghana. Its policy is to allocate the incremental amount primarily to the pool funds, the MDBS, as well as sector budget support for the Ministry of Food and Agriculture. Canada is also supporting decentralization (support to the district budgets, through district-wide approach) and rural water supply.
- (e) Denmark: Denmark is one of the initial contributors to the health sector's pool fund since its establishment, and playing a lead role in earmarking part of the fund for specific sub-sectors, projects, and the like. In addition, Denmark is participating in the MDBS, albeit its contribution is limited. At the same time it is implementing projects in the road and energy sectors by employing local experts and contractors.

- (f) European Commission: The EC is a key contributor to the MDBS along with the United Kingdom. It is assuming a lead role in assisting the improvement of financial management capacity, particularly in strengthening of the government's audit functions. In addition, the EC is implementing projects in the areas of the rehabilitation of major trunk roadways, the rural water supply, and so on.
- (g) Non-governmental organization (NGO) trends: A greater number of NGOs are getting involved in the implementation of the developmental activities funded by donor agencies. Particularly in the northern regions, many NGOs are acting as the agents for social service delivery on behalf of local administration, especially in the areas of health and maternal and child health.

4. Analysis and Evaluation of Japan's ODA to Ghana

(1) Trends in Japan's ODA to Ghana

- (a) From the late 1980s to 2000, Japan's ODA to Ghana amounted to an average of 10 billion yen a year, including co-financing for structural adjustments and loan aid in transport and power infrastructures. Japan was one of the two largest development partners to Ghana following the World Bank, and the largest bilateral partner. However, there have been drastic changes in the environment for Japan's aid to Ghana since 2001 (DAC statistics: trends in Japan's ODA/total ODA ratio calculated on a net disbursement basis [in million US dollars]: 1998: 149/374, 1999: 102/355, 2000: 103/376, 2001: 34/396, 2002: 24/406, 2003: 30/479).
- (b) A major cause of such changes was Ghana's application to the Enhanced HIPC Initiative in 2001, which led to the suspension of Japan's loan aid. As the country reached the CP under this initiative in July 2004, Japan agreed to grant debt relief for Ghana worth 104,678,190,000 yen—the largest amount ever exempted by a creditor country. At this time, the Government of Ghana pledged that it will effectively use the savings generated from this debt relief, for the purpose of implementing its poverty reduction strategy, especially in promoting economic development including the expansion of employment opportunities.
- (c) Consequently, Japan's current assistance to Ghana is centered around grant aid and technical cooperation and amounts to approximately between 3 to 4 billion yen a year. Major fields of assistance include the agricultural sector (rehabilitation of irrigation facilities [grant aid], promotion of small-scale irrigation [technical cooperation]), the health sector (countermeasures against parasites at the Noguchi Memorial Institute for Medical Research [technical cooperation], enhancement of medical equipment in rural areas [grant aid], creation of a training information system for medical staff [technical cooperation]), and the education sector (in-service training of science and mathematics teachers [technical cooperation], dispatch of science and mathematics teachers from Japan through the Japan Overseas Cooperation Volunteer Programme). Such Japanese assistance has focused on human resource development and has produced positive

results, although their impacts tend to be limited to specific regions. This point has been also appreciated by the Ghanaian authorities.

- (d) Through the four-staged rural electrification projects (grant aid), Japan has assisted Ghana in realizing its nationwide electrification plans and thus contributed to the improvement of social service delivery and the enhancement of livelihoods in the targeted areas. All of the trunk roads constructed under yen loans in the past cover the key points in Ghana's distribution networks, thereby contributing to the vitalization of the domestic economy. (The Project for the Rehabilitation of Trunk Road along the southern coast, which was once adopted as a yen loan project and later switched to a grant aid project (ongoing) after Ghana's application for the Enhanced HIPC Initiative, is expected to produce major economic impacts such as improved distribution and tourism promotion.) Moreover, Japan's non-project grant aid, provided on an irregular basis, has gained a reputation as a source for low-interest foreign currency allotments to the private sector. The Government of Ghana has expressed its clear intention to prioritize the allocation of the non-project grants (for FY2004 and afterwards) to the introduction of production lines and the expansion of employment. There exists a common recognition between the Japanese and Ghanaian governments on the importance of strategically using such non-project grants, including the counterpart funds, to support industrial development, which is one of the two pillars of Japan's ODA in the coming years,

(2) Characteristics of Japan's ODA

- (a) Emphasis on the process support and human resource development

Japan emphasizes human resource development and capacity development through the active involvement of counterparts in a partner country.

- (b) Support to the steady implementation, with an emphasis on the fields

Through Japan International Cooperation Agency (JICA), Japan assisted in the development and introduction of the Health In-Service Training (HIST) System to train the professionals of the Ministry of Health. The Japan Bank for International Cooperation (JBIC) also assisted in the formulation of the macro-development policy and supported PFM for the Ministry of Finance and Economic Planning. More recently, Japan has begun its efforts to scale-up its field-based experiences accumulated in agriculture and education, and integrate them into the sector policies and institutional framework. In this way, Japan attaches strong emphasis to human resource development over a medium- to long-term perspective.

- (c) Synergy created by the combination of various aid instruments

Japan is making efforts towards maximizing effects of its assistance by systematically combining various instruments such as grant aid and technical cooperation (coordination of grant aid and technical cooperation in an irrigation project; coordination of the counterpart fund for non-project grant aid and technical cooperation in the educational sector, etc.).

(d) Support to infrastructure and private sector development

Japan places emphasis on assistance that promotes medium- to long-term growth, including the improvement of economic infrastructure (with the use of past yen loans and current grant aid), as well as private sector development (with the use of non-project grant aid).

(e) Collaboration with other development partners for achieving common goals from a medium-term perspective

Japan's grant aid provided through the United Nations Children's Fund (UNICEF) for eradicating polio and reducing the number of malaria patients has taken hold in the form of joint projects with the United States and private foundations and other parties. So far these joint projects, based on their respective comparative advantages, have produced steady results.

(3) Challenges faced by Japan's ODA

Japan's aid to Ghana faces major challenges to better respond to changes in the recent aid environment. Japan's current response is not necessarily sufficient, specifically in view of: (1) significant reductions in the scale of aid (especially loan aid); (2) active development partnership with the GPRS/GPRS II as the common policy framework; and (3) the progress of new aid approaches such as general budget support and pool funds. Japan also needs to respond quickly to the partners' effort to harmonize aid procedures, which has been derived from the above changes and to their increased awareness of costs to implement projects.

Some pilot projects have proven effective, and thus measures are needed to institutionalize and achieve geographical expansion of their impacts. However, Japan is yet to establish the mechanisms and systems for scaling-up its assistance by quickly responding to the Ghanaian needs, or urging the Ghanaian authorities to take concrete actions for scale-up. In addition, Japan's current approach to the dialogues with the Ghanaian government and development partners is based on the cycle of project identification; and it has become evident that such approach does not have sufficient functions of policy dialogue and aid coordination, which are built in the MDBS. These challenges are explained more concretely as follows:

(a) Modalities for policy dialogues---the necessity of enhancing the messages involved

In principle, dialogues with the government and related organizations should serve as occasions for Japan to present the broad framework of its policies and messages concerning what assistance it should provide for the purpose of ensuring the alignment with the GPRS, coordinating with other partners, or considering Japan's comparative advantages. But in fact the discussions in such dialogues have largely focused on the formulation of individual projects, and as a result, the both parties tend to have weak awareness of how such projects should be positioned in a sector-wide perspective or in the context of the overall development strategy. This problem also leads to a lack of clarity of Japan's messages presented to the Ghanaian authorities. Therefore, from now on, even when Japan continues to be engaged in project aid, it is necessary to establish

a common recognition concerning how each project is positioned within the scope of Japan's overall assistance (i.e. the position within Japan's strategic objectives [see section 5. Basic Policies for Japan's Aid to Ghana below]), how such a project is linked to other aid programmes and projects and more fundamentally how such a project is positioned in Ghana's sector strategy.

(b) Necessity of enhancing predictability

Another challenge faced by Japan's aid involves issues of the predictability of aid. The issues of predictability are not only limited to the difficulty to indicate its aid commitment over multiple fiscal years due to the fact that Japanese government employs a single-fiscal-year system. These are also related to the difficulty to present its basic stance concerning what kind of development assistance Japan is prepared to continue and with what intentions. As a result, there is a lack of clear message concerning "what Japan is aiming at through its assistance to Ghana," which should primarily be presented when Japan tries to appeal its actions with "greater visibility of Japan's ODA." These problems also make it difficult for Japan to conduct the more effective and efficient aid cooperation at the stage of project formulation. These are the issues which need improvements in Japan's future assistance.

(c) Necessity of considering sustainability and scaling-up

The past experiences of assistance to Africa suggest that it is difficult for a stand-alone project to achieve results which can be sustained and scaled-up, unless conscious efforts are made. Therefore, in implementing assistance it is essential to have medium- and long-term perspectives and also to consciously clarify the position of such assistance while taking into consideration what goal each assistance is aimed at, and how it is related to the subsequent assistance from Japan, the Government of Ghana, and other partners, and to share these points with the Ghanaian authorities. It is also desirable to formulate projects with links to the performance indices established under the MDGs and the GPRS/GPRSII thereby making it possible to clarify their concrete achievements against the original goals.

(d) Necessity of pursuing concrete achievements from assistance

In the past project implementation, especially rural infrastructure projects, the efforts to gather quantitative information to measure "impacts of assistance" such as economic and social effects was not sufficient. In Ghana, Japan began its attempt in 2003 to measure the baselines and assess the impacts of assistance compared to these baselines. As the further follow-up to such efforts, it is necessary to establish mechanisms to measure the impacts of Japan's assistance based on the results of impact assessment surveys, and also to provide feedbacks to help formulate future projects.

5. Basic Policy for Japan's ODA to Ghana

Based on the recognition of the current situations as discussed in the Sections 3 and 4 above, Japan's ODA to Ghana will be guided by the following basic policies.

(1) Basic perspectives and objectives

Three perspectives:

1. To formulate aid policies in line with the Ghana's development policy based on its ownership
2. To implement aid on the premise of Ghana's self-help efforts
3. To implement result-based assistance with a long-term perspective

- The basic development objectives of Japan's assistance to Ghana should be "poverty reduction through economic growth" which is the aim of the GPRS/GPRS II being promoted by the Government of Ghana. To respect Ghana's ownership and self-help efforts, Japan will provide assistance that emphasizes "Human development and establishing basic conditions including socio-economic infrastructure for self-reliant economic growth."

(2) Priority development agenda in Japan's ODA to Ghana

- In order to realize "poverty reduction through economic growth," Japan has selected the "Accelerating rural development" and the "Promoting industrial development" as priority development agenda. Japan will focus its assistance on these two pillars, as set forth below.
 - At the same time, Japan will assist in the "Strengthening the capacity of public administration and institutional development," which is essential to securing the sustainability of achievements and attaining self-reliant development. The assistance will be provided selectively and targeted to the areas of strategic importance.
 - In carrying out projects according to such policies, Japan has established four strategic objectives (SOs) in a manner consistent with the GPRS II, giving due consideration to the capacities of the Ghanaian and Japanese sides in terms of formulating and managing aid plan. Under each strategic objective, Japan will formulate and implement a bundle of projects (hereinafter referred to as "cooperation programmes"). In doing so, Japan will consciously seek linkages among strategic objectives, systematically organize resources and instruments to achieve the basic objectives envisaged in priority development agenda. Based on the principle of "selectivity and strategic focus," Japan will strictly select target areas and examine the contents of cooperation programmes and establish meaningful links among such areas and contents.
 - These two pillars of priority development agenda and "strengthening public administration and institutional development" have been selected, based on the priorities in GPRS II, and also based on the comprehensive consideration of the significance of Japan's assistance (as presented in the above Section 1), the assistance by other development partners, Japan's capacity for assistance and its comparative advantages, and so on.
- (a) Accelerating rural development: Japan will support the reactivation of rural economy, particularly the improvement of income of smallholder farmers and increase of agricultural productivity, by strengthening the production basis, capacity building and organization of farmers, linkage between agriculture and manufacturing and promoting agricultural production and its productivity, processing and marketing. To enhance synergic effects through these actions, assistance will be provided for the

improvement of infrastructure such as that for the transportation of agricultural products to consuming regions (Strategic Objective 1). Japan will also support the improvement of the living conditions in the rural areas through the improvement of the health conditions of local people and their empowerment, by improving community health service system, strengthening healthcare administration and infectious diseases control, and improving the access to education (Strategic Objective 2). (For the details of the Strategic Objectives, see ANNEX 1 entitled Development Agenda and Strategic Objectives in Japanese Assistance to Ghana)

Strategic Objective 1: Promotion of agricultural development

Strategic Objective 2: Improvement of basic social services in deprived areas

- (b) Promoting industrial development: Japan will support the development of local manufacturing industry which contributes to value-addition for agricultural processing and improvement of the value chain from agricultural and industrial production to distribution. Such assistance will primarily focus on micro, small and medium enterprises and aim at stimulating economic growth led by the private sector. Due consideration will be given to strengthening the effective linkages between agriculture and industry. Efforts will also be made in assisting tourism promotion that has potential for growth, policy formulation, and enabling business environment creation (Strategic Objective 3). Japan will also support the development of human resources needed for the industrial sector, by improving the quality of technical and vocational education and training (TVET), as well as improving the quality of science and mathematics education and the public administration capacity (Strategic Objective 4).

Strategic Objective 3: Private sector development

Strategic Objective 4: Human resources development needed for industrial sector

- (c) Strengthening public administration and institutional development: To effectively support the two pillars and ensure sustainability of the achievements, Japan will assist in the strengthening of public administration by developing the capacities of human resources and institutions in the public sector, at both the central and local levels. The assistance will be provided selectively and targeted to the areas of strategic importance.

(3) Scale of ODA to Ghana

- On the premise of the self-help efforts by the Ghanaian side based on the GPRS/GPRS II, Japan will maintain the current level of grant aid and technical cooperation as the minimum line, which is approximately in the range of 3 to 4 billion yen (FY2002 to FY2004). The expansion in the scale of Japan's assistance will be sought through the formation of programmes which aims at scaling-up the positive outcome of the existing or past aid projects, as well as the formation of cooperation programmes which consist of a bundle of projects with strategic focus around priority development agenda and due consideration to the synergic effects among the projects. To maintain the current level of assistance, Japan considers it important that the Ghanaian authorities satisfy such conditions as highly transparent policy implementation and management, the assignment of counterpart personnel, and the securing of domestic currency.

- The level of Ghana's external debt has declined since the country reached the CP under the Enhanced HIPC Initiative. Japan will assess the possibility of resuming loan aid in due consideration to Debt Sustainability Analysis (DSA) from the medium- to long-term perspectives. In view of the recent developments in the improvement of regional infrastructure by NEPAD, Japan will explore a possibility to provide assistance in growth promotion such as private sector development, in collaboration with the AfDB including a co-financing scheme based on the Enhanced Private Sector Assistance for Africa (EPSA).

(4) Regional considerations

In formulating projects and cooperation programmes based on the Strategic Objectives, Japan will select certain geographical areas where synergic effects will be sought through the multiple inputs of Japanese development projects. In designing projects, Japan will incorporate baseline surveys to measure their impacts on income generation, the improvement of social services, and the expansion of employment in the project plans in advance and will also establish measures for regular monitoring.

Especially regarding Strategic Objectives 1 and 2, based on the perspective of human security, Japan's assistance will be targeted to the regions—particularly the northern regions—which face serious deficiency in social service provision and high concentration of the impoverished people. Japan intends to enhance the effects of such assistance through a multi-sectoral approach by combining various instruments to respond to the needs of each target area. Especially because such deprived areas are likely to suffer from an extreme lack of human resources to implement projects, Japan will take a long-term perspective and assist the development of human resources for local administration.

Regarding Strategic Objectives 3 and 4, Japan will focus on the regions where potentials for industrial growth exist, as priority target areas, and maximize the effects of its assistance through multiple inputs. As for rural infrastructure projects, Japan will regard such projects as complementary inputs to either the improvement of social services or the promotion of productive sectors, and will start project formulation two years before the commencement of their operations.

(5) Issues for special consideration on CAP implementation

- (a) Enhancement of predictability: formulation of Strategic Objectives based on a medium-term perspective

Recognizing the limitations of resources available for Japan's assistance, it is necessary to formulate action plans that are in line with the Ghana's development strategies and the related goals and performance indicators, by taking a medium-term perspective. This Country Assistance Plan (CAP) establishes the two pillars of priority development agenda, which are closely aligned to the GPRS priorities, and then formulates four Strategic Objectives, which are designed to help achieve the goals envisaged in the priority development agenda. This CAP is an important departure from the past practice which simply indicated a list of "priority sectors" and tended to result in the formulation of isolated and stand-alone projects. In this CAP, Japan will take a strategic

approach and organize its inputs and instruments in accordance with their strategic importance to the two pillars. More specifically, the CAP has the “focal cooperation areas” which are particularly focused on the Strategic Objectives, and under which cooperation programmes are formulated from a medium-term perspective and with attention to the synergic effects of each input. In doing so, Japan will clarify the monitoring indicators and expected outcomes envisaged in the GPRS and will regularly carry out the reviews of the contents of projects and cooperation programmes, based on the status of progress, the latest indicators and other references. During this process, efforts will be made to introduce the result indicators to the extent possible, while continuing with data accumulation and improvement.

(b) Reinforcement of policy dialogues, linkages between evaluation and project formation

In formulating cooperation programmes under the Strategic Objectives to achieve the priority development agenda, Japan will sharpen its attention to the synergic effects of each input. At the same time, Japan will make its best effort to understand the nature of the challenges confronted by the Ghanaian side, such as the local costs for operating projects, the operations and maintenance of facilities, capacities for public administration, and the management capacities of the executing (or counterpart) agencies, and fully incorporate these aspects in formulating programmes and selecting projects onward. To this end, Japan will enhance policy dialogues with the ministries, departments, and agencies concerned in the Ghanaian government to improve the links between government policies and ministerial budgets, while at the same time strengthening cross-sector perspectives. In addition, the contents of the cooperation programmes will be examined jointly with the Government of Ghana on a regular basis, in light of their contributions to the achievements of the priority development agenda. The cooperation programmes with limited effectiveness will be immediately reviewed to determine the necessity of succeeding projects. At the same time, Japan will actively coordinate with development partners to avoid duplications and promote the synergic effects where possible, until the government’s coordination capacity has been sufficiently strengthened.

(c) Consideration for an actor of development and the necessary conditions

In formulating and implementing projects, Japan will ensure the broad participation of the Ghanaian people so that they can serve as an actor of development. For this, consideration will be given to incorporating the perspective of gender and reinforcing ownership on the part of the beneficiaries. Furthermore, as the formulation and implementation of projects such as economic infrastructure development tend to cause environmental and social impacts, regulations concerning the environment stipulated by the Government of Ghana, and Japanese executing agencies will be appropriately applied in full consideration of the environment and social aspects from the early stages of such plans. Moreover, as Ghana improves its public sector institutions and regulations such as government procurement, it is expected that the greater use of the Ghanaian country systems will be encouraged. Therefore, it is necessary for Japan to constantly follow up on the state of such improvements.

(d) Improvement of the implementation system and aid approaches, active involvement in development partnerships

Japan will make efforts to reinforce its aid implementation system and to improve the current aid approaches and instruments. Such efforts are needed to enhance the coordination between projects and various aid schemes; better utilize Japan's experiences, technique, and knowledge; improve the predictability of aid; address cost problems; and scale-up the positive outcomes of projects. Especially in the case of pilot projects aimed at technology transfers, capacity development, and institutional development due consideration will be given to scenarios for expanding positive results and financial instruments for realizing such scenarios at the early stage of project preparation. Also, Japan will strengthen cooperation with other development partners, with consideration to the use and mix of appropriate aid modalities including a possibility of (various kinds of) budget support, to effectively support the achievement of Ghana's development priorities shared with other partners and to institutionalize (or scale-up) the specific technique and systems introduced through Japan's assistance.

(e) Clarification of the direction of Japan's assistance, disclosure of information to the Ghanaian public and private sectors

With sharper focus and strategic approach, Japan should be able to clarify its messages and aid policies and to facilitate the process in which the Ghanaian government prepares appropriate aid "requests" for Japan, based on their ownership. This can be achieved by respecting Ghana's development strategy, selecting Japan's priority development agenda (in line with the strategy) after considering its interests and possible areas of contribution based on its comparative advantage, and constantly presenting them not only to the Government of Ghana, but also to public and private sectors and to development partners in Ghana. Such efforts should also lead to the clear presentation of the Japanese ideas and philosophy on development assistance (which should in turn contribute to enhancing Japan's "visibility"). As such, Japan will actively organize opportunities for providing information and feedbacks with Ghanaian experts and civil society, in addition to its regular dialogues with Government of Ghana.

Development Agenda and Strategic Objectives in Japanese Assistance to Ghana

1. Selection of Development Agenda with Strategic Focus

To support Ghana's efforts in reducing poverty through economic growth, as stipulated in GPRS I & II, Japan will focus its assistance on two pillars as priority development agenda: (I) Accelerating rural development; and (II) Promoting industrial development. The pillar (I), with emphasis on the "human security" perspective, aims at supporting poverty reduction in rural areas, and reducing regional disparity and creating an environment for economic development. The pillar (II) aims to contribute to medium-and long-term economic development in Ghana, with a view to achieve sustainable poverty reduction, by creating employment and increasing income through promotion of potentially viable industries while strengthening competitiveness in the domestic and international markets .

To effectively support the two pillars and to ensure the self-sustained development, Japan will also assist in the strengthening of public administration and institutional development, as cross-cutting support to all the related sectors.

2. Strategic Objectives in the Selected Development Agenda

Toward achieving the selected development agenda, Japan will take a strategic approach in line with GPRS II and organise aid inputs and instruments in a selective manner, in accordance with their strategic importance to the two pillars. Japan will set four strategic objectives (SOs) which consist of some focal cooperation areas. Under these focal areas, projects or programmes will be formulated and implemented in such a way that contributes to the achievement of these SOs.

Among the focal cooperation areas described below, ◎ shows Japan's priority areas, while ○ indicates the areas of secondary importance or with a possibility of future priority. With Japan's aid principle of "selectivity and concentration," inputs and instruments will be preferentially distributed to the selected focal cooperation areas ◎. Japan will cooperate only in the areas ◎ and ○, as the others are not aligned to the two pillars and thus considered to be of lower priority.

2-1. Accelerating rural development

Japan will support the activation of rural economy, particularly through increasing the income of smallholder farmers, by the improvement of agricultural productivity, processing and marketing, in combination with rural infrastructure development. Linkages between agriculture and local industries will be considered, where potential exists (refer to 2-(2)).

Japan will also support improving the basic social services such as education and health, as a prerequisite to encourage proactive participation of the individuals in the process of social and economic development.

On implementation of these activities, special attention will be paid to the "human security"

perspective. A multi-sectoral approach will be taken, and the programmes will be related with each other, so as to accelerate self-sustained development of the target areas.

In light of Japan's comparative advantage, Japan will assist in the development of rural infrastructure, which is a base of supporting economic development. Japan will also support capacity development of local governments and human resources development to improve social and economic services, as they will be main actors for rural development. Appropriate aid modality including budget support will be applied with a view to scale-up the outcome of the other programmes.

With emphasis on the "human security" perspective, such assistance will be focused on the selected geographical areas where observed highly vulnerable, particularly northern areas, with a view to reduce economic disparity among the regions.

◇ **Strategic Objective1 (SO1): Promotion of agricultural development**

< Focal cooperation areas >

◎ **SO1-1: Increase of agricultural productivity**

Increasing agricultural productivity by identifying and coping with bottlenecks in a whole value chain, covering production, post-harvest techniques, marketing and distribution of selected commodities

Strengthening the production base such as irrigation facilities and drainage equipment, encouraging R&D at research institutes, establishing farming systems, and developing capacity of extension officers, farmers and relevant institutions

◎ **SO1-2: Improvement of post-harvest techniques**

Improving post-harvest techniques, quality control and processing of agricultural products, with specific consideration for the linkages between agriculture and manufacturing, so as to increase the income of smallholders

○ **SO1-3: Improvement of agricultural administration**

Improving the efficiency of agricultural administration in the areas of policy-making, planning and financial management, so as to strengthen the linkages between the above inputs and agricultural policies

◎ **SO1-4: Development of infrastructure**

Developing infrastructure such as roads and bridges to transport agricultural products to the markets, as well as rural electrification

Enhancing the capacity of planning, management and maintenance of these infrastructures

◇ **Strategic Objective2 (SO2): Improvement of basic social services in deprived areas**

< Focal cooperation areas >

◎ **SO2-1: Community health improvement and infectious diseases control**

Supporting the planning process and implementation of Health Sector Programme through: improvement of community health service system in most vulnerable areas by enhancing community participation in a holistic manner, strengthening healthcare administration, and infectious diseases control focusing on HIV/AIDS and parasitic diseases including malaria

- ◎ **SO2-2: Strengthening of the cycle of planning, operation and monitoring**
Enhancing the administrative capacity of the health sector in the planning, operation and monitoring, so as to strengthen the linkages between inputs and the policies
- ◎ **SO2-3: Improvement of access and quality of basic education**
Improving the access to and the quality of basic education in deprived areas, so as to provide the individuals with knowledge and skills necessary for exploiting their own potentials and to alleviate economic disparities among regions
- **SO2-4: Supply of clean and safe water**
Considering selectively the assistance in the supply of clean and safe water as complementary support to this SO

2-2. Promoting Industrial Development

In order to increase employment and income necessary for sustainable poverty reduction and economic development, Japan will assist private sector development for increased competitiveness in the regional and international markets as well as import substitution, through the development of micro, small and medium enterprises, the creation of a business-friendly environment and the upgrading of economic infrastructure. In designing and implementing the interventions under this SO, attention will be paid to local comparative advantages and the effective linkage between agriculture and industry.

Japan will also support the development of human resources needed for the industrial sector, by improving the quality of various types of education: science and mathematics education at the primary, secondary and higher levels as well as technical and vocational training.

Appropriate aid modalities including a possibility of budget support will be examined with a view to scale-up the outcome of the other programmes.

To enhanced aid effectiveness, Japan will focus its assistance in the geographical areas where potential exists for industrial development and provide multiple inputs intensively in these areas.

◇ **Strategic Objective 3 (SO3): Private sector development**

<Focal cooperation areas >

- ◎ **SO3-1: Development of the industrial sector through promoting manufacture and related industries**
Promoting micro, small and medium-scale local manufacturing industry, by encouraging the processing of agricultural products for higher value added, improving the whole value chain ranging from agro-industrial production to distribution and marketing, and by fostering the related industries. Fostering the private sector through the development of local specialty products and tourism as well
- ◎ **SO3-2: Creation of a business-friendly environment**
Creating a business-friendly environment by supporting the formulation of SMEs policies, institutional development and improvement of financial systems
- **SO3-3: Development of the economic infrastructure**

Supporting the development of economic infrastructure such as improving road network and efficient energy supply, so as to complement the above interventions under this SO

◇ **Strategic Objective 4 (SO4): Human resources development needed for the industrial sector**

< Focal cooperation areas >

◎ **SO4-1: Capacity development in the educational system**

Improving the quality of Science, Technology and Mathematics Education as well as Technical Vocational Education and Training (TVET), by enhancing the capacity of various levels of the education system, from classroom teaching at the primary, secondary and higher levels to the administration of local and central governments

◎ **SO4-2: Improvement of the educational administration**

Strengthening administrative capacity of the relevant ministries and departments, by intensifying policy dialogues based on the above mentioned interventions and by enhancing efficiency of educational management

2-3. Strengthening the Capacity of Public Administration and Institutional Development

To effectively support the two pillars and ensure sustainability of the achievements, Japan will assist in the strengthening of public administration by developing the capacities of human resources and institutions in the public sector, at both the central and local levels. The assistance will be provided selectively and targeted to the areas of strategic importance.

◇ **Strengthening of public administration**

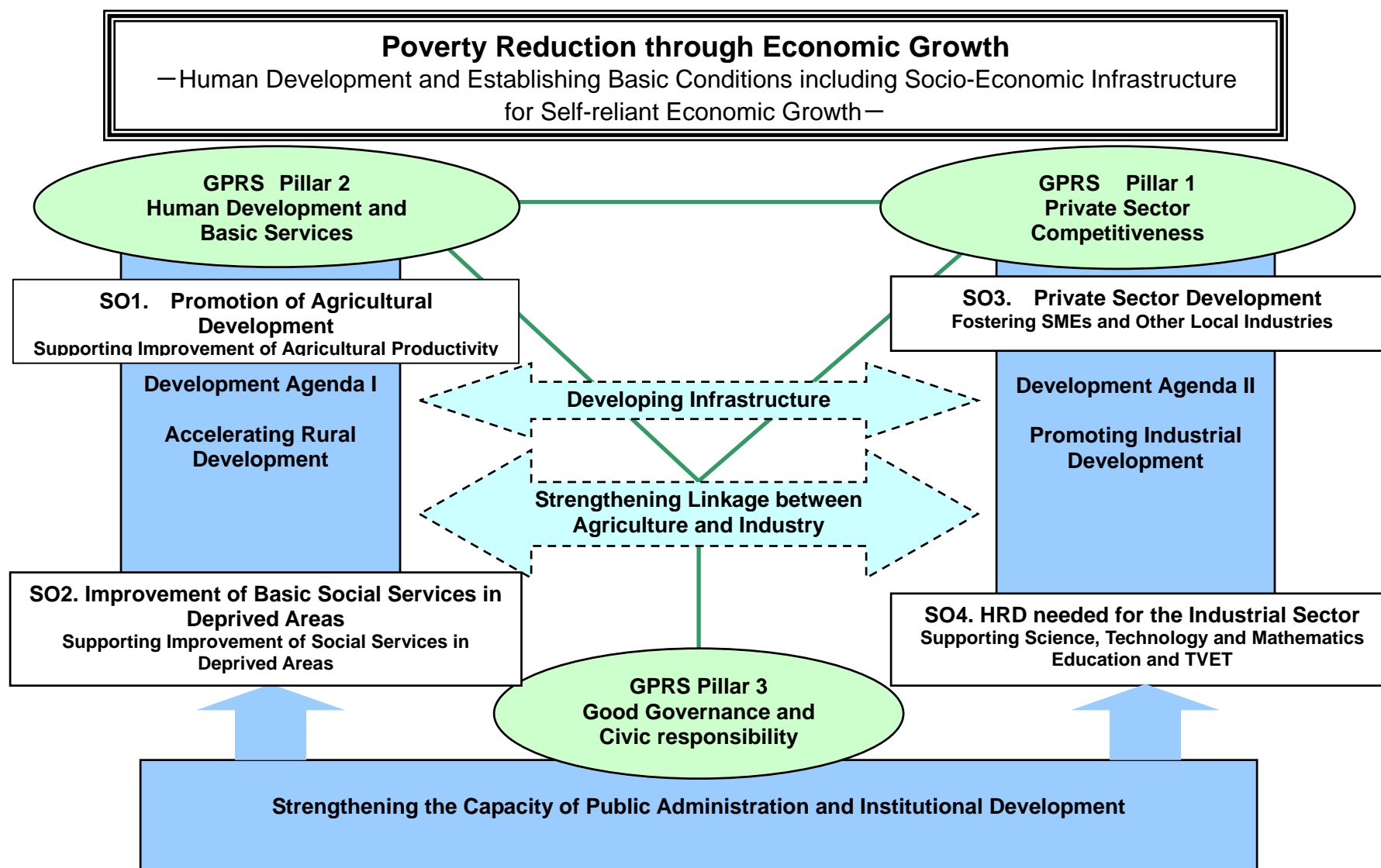
< Focal cooperation areas >

- ◎ Strengthening administration and management in selected ministries and local governments on focused subjects, such as financial management and development planning, mainly where other interventions are applied
- ◎ Strengthening interactive linkages among governmental institutions at the different levels, in line with the national decentralisation and its implementation process

(End)

Country Assistance Plan to Ghana: Cooperation Diagram

ANNEX 2



* GPRS: Growth and Poverty Reduction Strategy

* SO: Strategic Objective

* Green: Development Plan by Ghana / Blue: Assistance by Japan

GPRS	Japan's Assistance Programme for Ghana (CAP)	GPRS		Japan's Assistance Programme for Ghana (CAP)
Pillar/Key Area of Focus	Strategic Objectives (SO)	Expected outcomes	Indicators to track implementation towards outcomes	cooperation areas
PILLAR I: PRIVATE SECTOR COMPETITIVENESS 2. MODERNIZATION OF AGRICULTURE	SO1: Promotion of Agricultural Development Japan will support the reactivation of rural economy, particularly the improvement of income of smallholder farmers and increase of agricultural productivity, by strengthening the production basis, capacity building and organization of farmers, linkage between agriculture and manufacturing and promoting agricultural production and its productivity, processing and marketing. To enhance synergic effects through these actions, assistance will be provided for the improvement of infrastructure such as that for the transportation of agricultural products to consuming regions	Productivity of crops, livestock and aquaculture increased	Productivity of land, labor, capital of sample crops, livestock and aquaculture Non-traditional agricultural exports	<div> ◎ SO1-1: Increase of agricultural productivity Increasing agricultural productivity by identifying and coping with bottlenecks in a whole value chain, covering production, post-harvest techniques, marketing and distribution of selected commodities Strengthening the production base such as irrigation facilities and drainage equipment, encouraging R&D at research institutes, establishing farming systems, and developing capacity of extension officers, farmers and relevant institutions </div> <div> ◎ SO1-2: Improvement of post-harvest techniques Improving post-harvest techniques, quality control and processing of agricultural products, with specific consideration for the linkages between agriculture and manufacturing, so as to increase the income of smallholders </div> <div> ○ SO1-3: Improvement of agricultural administration Improving the efficiency of agricultural administration in the areas of policy-making, planning and financial management, so as to strengthen the linkages between the above inputs and agricultural policies </div>
		Farm household incomes and food security improved	Post harvest losses index Per capita supply of key staple foods (crops, livestock and fish) Farm household incomes Share of household incomes spent on food	
		Reduced risk to agricultural investment	% of arable land under irrigation Capacity of processing industries for crops, livestock and fish Percentage of farmers adopting improved technologies and Good Agricultural Practices (GAPS) Access to mechanization, inputs, credit and market information (e.g. tractor to farmer ratio) Number of animal traction centers refurbished/ established Secure access to land and water resources	
5. INFRASTRUCTURE SUPPORT SERVICES	Japan will support the reactivation of rural economy, particularly the improvement of income of smallholder farmers and increase of agricultural productivity, by strengthening the production basis, capacity building and organization of farmers, linkage between agriculture and manufacturing and promoting agricultural production and its productivity, processing and marketing. To enhance synergic effects through these actions, assistance will be provided for the improvement of infrastructure such as that for the transportation of agricultural products to consuming regions	Increased variety and reliability of transport infrastructure and facilities	Kilometers of roads well maintained and/or rehabilitated, by the three classes of roads Road condition mix Average number of days to clear goods from the ports Value of investment in all forms of transport infrastructure	<div> ◎ SO1-4: Development of the infrastructure Developing infrastructure such as roads and bridges to transport agricultural products to the markets, as well as rural electrification Enhancing the capacity of planning, management and maintenance of these infrastructures </div> <div> ○ SO3-3: Development of the economic infrastructure Supporting the development of economic infrastructure such as improving road network and efficient energy supply, so as to complement the above interventions under this SO </div>
		Improved variety and reliability of energy supply and its access to the poor	Per capita consumption of energy (electricity, LPG, Petroleum) per annum Electricity supply reliability, measured by average number of hours of energy outage per consumer per year	
		Increased utilization and integration of ICT in key sectors of economy]	Value of investment in ICT sector	
		Increased application of science and research for all sectors of the economy	Value of investment in science and research Rate of adoption of improved locally-packaged technologies by MSMEs	

Note: The GPRS columns in this matrix are based on the information of the Result Matrix of GPRSII that was formulated by the Government of Ghana in collaboration with developing partners.

Cooperation Matrix SO2: Improvement of basic social services in deprived areas

ANNEX 3-2

GPRS	Japan's Assistance Programme for Ghana (CAP)	GPRS		Japan's Assistance Programme for Ghana (CAP)
Pillar/Key Area of Focus	Strategic Objectives (SO)	Expected outcomes	Indicators to track implementation towards outcomes	cooperation areas
PILLAR II: HUMAN DEVELOPMENT AND BASIC SERVICES 1. EDUCATION Access Gender Quality Science and Technical Education Behavioral Health	SO2:Improvement of basic social services in deprived areas Japan will also support the improvement of the living conditions in the rural areas through the improvement of the health conditions of local people and their empowerment, by improving community health service system, strengthening healthcare administration and infectious diseases control, and improving the access to education	Enrolment, retention and completion rates increased in kindergarten, primary, JSS, TVET and SSS	Gross Enrolment Rate (GER) increases in Primary, Jr. Secondary School (JSS), Sr. Secondary School (SSS), and Technical and Vocational Education and Training (TVET) Survival rate increases. P6; JSS 3; SSS3	© SO2-3: Improvement of access and quality of basic education Improving the access to and the quality of basic education in deprived areas, so as to provide the individuals with knowledge and skills necessary for exploiting their own potentials and to alleviate economic disparities among regions
		Gender parity in school enrolment	GPI: National, Deprived Districts at KG, Primary, JSS, SSS, TVET	
		Improved quality of education	Test Scores: National, Deprived Districts, Girls (National Education Assessment Exams, BECE, WASSCE) Percentage of Trained Teachers: National, Deprived Districts, Primary, JSS	
		Improved infrastructure and service delivery	Percentage of total expenditure on Service and Investment: National and Deprived Districts	
		Issues of population, gender, health, HIV/AIDS/STI, fire safety, road safety, civic responsibility and environment mainstreamed in the curriculum of schools and institutions of higher learning		© SO2-1: Community health improvement and infectious diseases control Supporting the planning process and implementation of Health Sector Programme through: improvement of community health service system in most vulnerable areas by enhancing community participation in a holistic manner, strengthening healthcare administration, and infectious diseases control focusing on HIV/AIDS and parasitic diseases including malaria
3. HEALTH		Improved accessibility to and utilization of health and nutritional services	% of supervised delivery by region increased % of stunting in children under 5	
Access		Improved resource allocation to deprived areas	No. of indigents covered by NHIS and Exemptions Scheme	
Sustainable Financing		Improved quality of health services	Population-doctor ratio Population-nurse ratio	
4. MALARIA CONTROL		Improved malaria case management and prevention	Malaria case fatality of children under-5 per 10,000 population Insecticide-Treated Nets (ITN) coverage of risk groups (children under-5 and pregnant women)	
Management				
Prevention				© SO2-2: Strengthening of the cycle of planning, operation and monitoring Enhancing the administrative capacity of the health sector in the planning, operation and monitoring, so as to strengthen the linkages between inputs and the policies
Collaboration				
Research				
5. VULNERABILITY AND EXCLUSION		Financial barriers to health services improved Reduced malnutrition-related disorders and deaths among young children Consumption of affordable balanced meals including the consumption of micronutrients among children Healthy work environment that protects workers from physical and emotional risks	Under-5 malnutrition rate reduced % of workplace accidents reduced	

Cooperation Matrix SO2: Improvement of basic social services in deprived areas

ANNEX 3-2

GPRS	Japan's Assistance Programme for Ghana (CAP)	GPRS		Japan's Assistance Programme for Ghana (CAP)
Pillar/Key Area of Focus	Strategic Objectives (SO)	Expected outcomes	Indicators to track implementation towards outcomes	cooperation areas
6. HIV/AIDS	SO2:Improvement of basic social services in deprived areas Japan will also support the improvement of the living conditions in the rural areas through the improvement of the health conditions of local people and their empowerment, by improving community health service system, strengthening healthcare administration and infectious diseases control, and improving the access to education	HIV prevalence among adult population maintained below 3.1%	% of adult population (15-49 yrs) with HIV is 3.1% or below	© SO2-1: Community health improvement and infectious diseases control
		Capacity of institutions and services to PLWHAs and AIDS orphans improved	% of pregnant women who are HIV infected reduced Ratio of orphans attending school (10-14) to non orphans increased % of adult population with HIV reduced % of people with advanced HIV infection receiving antiretroviral combination therapy increased	
		Provision of HIV-related treatment improved		
		Reduced impact of HIV/AIDS-related morbidity and mortality	% of HIV infected infants born to 1+W infected mothers	
		Enhanced management of national HIV/AIDS response	National composite policy index % of districts using at least 1% of common fund for HIV/AIDS	
		Vulnerability & exclusion of families with PLWHAs & HIV/AIDS reduced	% of people aged 15 – 24 who correctly identify ways of preventing transmission and reject misconceptions, stigma and discrimination % of people reporting consistent use of condom with a non-regular partner Median age at first sex	
8. WATER AND ENVIRONMENTAL SANITATION		Safety and well being of orphans and vulnerable children increased as well as implementation of legal framework that protects the rights of OVCs		© SO2-1: Community health improvement and infectious diseases control ○ SO2-4: Supply of clean and safe water Considering selectively the assistance in the supply of clean and safe water as complementary support to this SO
		Rural population with access to safe water increases	Rural population with access to safe water increased	
		Guinea worm cases eradicated	Number of guinea worm endemic villages with access to safe water	
		Water resources management improved		
Sustainable Management		Population with access to adequate sanitation increased	% of population with access to adequate sanitation increased	
Sanitation				

Cooperation Matrix SO3: Private Sector Development

ANNEX 3-3

GPRS	Japan's Assistance Programme for Ghana (CAP)	GPRS		Japan's Assistance Programme for Ghana (CAP)
Pillar/Key Area of Focus	Strategic Objectives (SO)	Expected outcomes	Indicators to track implementation towards	cooperation areas
PILLAR I: PRIVATE SECTOR COMPETITIVENESS 1. ENHANCE THE COMPETITIVENESS OF THE PRIVATE SECTOR	SO3: Development of Private Sector Japan will support the development of local manufacturing industry which contributes to value-addition for agricultural processing and improvement of the value chain from agricultural and industrial production to distribution. Such assistance will primarily focus on micro, small and medium enterprises and aim at stimulating economic growth led by the private sector. Due consideration will be given to strengthening the effective linkages between agriculture and industry. Efforts will also be made in assisting tourism promotion that has potential for growth, policy formulation, and enabling business environment creation	Ghana's competitiveness in international and domestic markets increased	Value of non-traditional exports (NTE) Global Competitiveness Index	© SO3-1: Development of the industrial sector through promoting manufacture and related industries Promoting micro, small and medium-scale local manufacturing industry, by encouraging the processing of agricultural products for higher value added, improving the whole value chain ranging from agro-industrial production to distribution and marketing, and by fostering the related industries. Fostering the private sector through the development of local specialty products and tourism as well © SO3-2: Creation of a business-friendly environment Creating a business-friendly environment by supporting the formulation of SMEs policies, institutional development and improvement of financial systems
		Improved business and investment environment	Cost of doing business Time to register business	
		Increased access to capital by the private sector	Domestic credit to the private sector as ratio of GDP Private Fixed Investment as % of GDP Number and type of long financing instruments	
		Improved job and income security	Improved access to National Labor Market Information system (LMIS) % access to social security by informal sector employees	
		Improved firm-level capacity and competence to grow businesses	Wage employment index Business competitiveness index	
		Develop tourism for employment generation and foreign exchange earnings	Share of tourism in GDP Tourism revenues Tourist arrivals Value of investment in the tourism sector Occupancy rate of hotels	
3. TOURISM DEVELOPMENT				© SO3-1: Development of the industrial sector through promoting manufacture and related industries
5. INFRASTRUCTURE SUPPORT SERVICES		Increased variety and reliability of transport infrastructure and facilities	Kilometers of roads well maintained and/or rehabilitated, by the three classes of roads Road condition mix Average number of days to clear goods from the ports Value of investment in all forms of transport infrastructure	© SO1-4: Development of the infrastructure Developing infrastructure such as roads and bridges to transport agricultural products to the markets, as well as rural electrification Enhancing the capacity of planning, management and maintenance of these infrastructures ○ SO3-3: Development of the economic infrastructure Supporting the development of economic infrastructure such as improving road network and efficient energy supply, so as to complement the above interventions under this SO
		Improved variety and reliability of energy supply and its access to the poor	Per capita consumption of energy (electricity, LPG, Petroleum) per annum Electricity supply reliability, measured by average number of hours of energy outage per consumer per year	
		Increased utilization and integration of ICT in key sectors of economy	Value of investment in ICT sector	
		Increased application of science and research for all sectors of the economy	Value of investment in science and research Rate of adoption of improved locally-packaged technologies by MSMEs	

Cooperation Matrix SO4: Human Resource Development (HRD) needed for industrial sector

ANNEX 3-4

GPRS	Japan's Assistance Programme for Ghana (CAP)	GPRS		Japan's Assistance Programme for Ghana (CAP)
Pillar/Key Area of Focus	Strategic Objectives (SO)	Expected outcomes	Indicators to track implementation towards	cooperation areas
PILLAR II: HUMAN DEVELOPMENT AND BASIC SERVICES 2. SKILL AND MANPOWER DEVELOPMENT	SO4: Human Resource Development (HRD) needed for industrial sector			<p>© SO4-1: Capacity development in the educational system</p> <p>Improving the quality of Science, Technology and Mathematics Education as well as Technical Vocational Education and Training (TVET), by enhancing the capacity of various levels of the education system, from classroom teaching at the primary, secondary and higher levels to the administration of local and central governments</p>
Human Resource (HR) Framework	Japan will also support the development of human resources needed for the industrial sector, by improving the quality of technical and vocational education and training (TVET), as well as improving the quality of science and mathematics education and the public administration capacity	Comprehensive HRD policy and planning framework document		
Human Resource (HR) Capacity		Enhanced productivity Improved training, deployment and retention of key HR		
Training		Increased levels of skills and productivity Improved quality of training Level of employer satisfaction Dialogue between industry and skills/professional training institutions increased to produce skilled labour required for industry	No. of institutions re-equipped increased No. of instructors re-trained increased	
				<p>© SO4-2: Improvement of the educational administration</p> <p>Strengthening administrative capacity of the relevant ministries and departments, by intensifying policy dialogues based on the above mentioned interventions and by enhancing efficiency of educational management</p>

Cooperation Matrix Strengthening the capacity of public administration and institutional development

ANNEX 3-5

GPRS	Japan's Assistance Programmeme for Ghana (CAP)	GPRS		Japan's Assistance Programmeme for Ghana (CAP)
Pillar/Key Area of Focus	Strategic Objectives (SO)	Expected outcomes	Indicators to track implementation towards outcomes	cooperation areas
PILLAR III: GOOD GOVERNANCE AND CIVIC RESPONSIBILITY				<p>©Strengthening the Capacity of Public Administration and Institutional Development</p> <p>To effectively support the two pillars and ensure sustainability of the achievements, Japan will assist in the strengthening of public administration by developing the capacities of human resources and institutions in the public sector, at both the central and local levels. The assistance will be provided selectively and targeted to the areas of strategic importance.</p>
1. STRENGTHENING PRACTICE OF DEMOCRACY AND THE RULE OF LAW				
2. ENHANCING DECENTRALIZATION				
Administrative Decentralization		Ability of MMDAs to hire and fire staff	No. of actions in NDAP implemented	
		Enhanced citizens participation in decision making	Schemes and conditions of Local Government Service prepared	
		Redefined size and functions of sub-district structures	No. of Area and Zonal councils restructured and operational	
Political Decentralization		Enhanced citizens participation in the choice of DCEs	Constitutional review process initiated	
Fiscal Decentralization		Higher proportion of IGF to ceded revenue	% increase in internally-generated revenue	
		Expanded practice of Composite Budgeting	% increase in districts implementing Composite Budgeting	
3. MANAGING PUBLIC POLICY				
Public Sector Reform		MDA/MMDA efficiency and effectiveness enhanced	Redefinition of roles of MDAs under Public Sector Reform	
		Identified overlaps in MDAs/MMDAs	Improved conditions of service under PSR	
		Enhanced capacity of NDPC to monitor policy implementation	No. of Govt. policies compatible with SEA	
			Improved Annual Reports of MDAs	
4. WOMEN EMPOWERMENT				
5. ENHANCING DEVELOPMENT COMMUNICATION				<p>©Strengthening the Capacity of Public Administration and Institutional Development</p>
6. ECONOMIC GOVERNANCE				
Fiscal Policy Management		Continued improvement in comprehensiveness, accuracy and timeliness of budget formulation, accounting and reporting	BPEMS generated and reconciled fiscal reports issued monthly within 4 weeks (FAA)	
			Increased % of total public expenditures reported by CAGD CAGD reports and financial statements of accounts (MOV)	
		Improved competition in the procurement process	% of awarded contracts above the established for small purchases Make operational public procurement complaints mechanism Call for tenders and award of contracts publicly available Annual PPB reports (MOV)	
		Improved transparency and accountability of government operations including procurement processes and operation of statutory funds	Timeliness of submission of audit reports to the legislature Formal response by the government to recommendations issued by the Auditor General, and quarterly progress reporting on the implementation of AG's recommendations Auditor General's report to Parliament (MOV)	
7. PROMOTING AN EVIDENCE-BASED DECISION MAKING				