Japan’s ODA to Ghana: Expected Role of PFM Support

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GRIPS PFM Seminar Series

1. Concept and approaches to PFM reform (1): From a bottom-up viewpoint (by Mr. Masami Sugimoto)
2. Concept and approaches to PFM reform (2): From a top-down viewpoint (by Mr. Takao Ozaki)
3. Japan’s PFM reform as an internalization process of NPM (by Mr. Masato Inagaki and Mr. Satoshi Inohana)
5. Case study (2): A recipient view of multi-donor supported PFM reform in Ghana (by Mr. Alhassan Iddrisu)
About Ghana

- Population: 20.7 million (WB 03)
- GNI per capita: US$380 (WB 04)
- Growth rate: 5.2% (avr. 02-04)
- Literacy rate, female: 36% (98/99) → 42.5% (2003)
- Top 5 donors: World Bank, UK, EU, Canada, Netherlands
- Japan’s ODA to Ghana: approx. 30 million/year (01-03)

Japan’s ODA to Ghana

- Formulation of Japan’s new Country Assistance Plan (CAP) for Ghana
  - Sept. 2004 – March 2006 (main work completed)
  - Joint work by field-based ODA TF and Tokyo TF
- New CAP aims to re-orient Japan’s aid, in light of the new aid environment (esp. 2001〜), and maximize its development effectiveness.
  - Key changes from current CAP (2000)
Ghana’s Development & Aid Environment

- Active development partnerships
  - Ghana Poverty Reduction Strategy (GPRS, GPRS II) as a common guiding principle
  - New aid modalities: MDBS (10 donors), SWAps, aid alignment & harmonization, multi-donor PFM support.

- Enhanced HIPC Initiative
  - Smaller Japan’s ODA in Ghana: largest bilateral donor 6th bilateral donor
  - Shift of aid composition: loans grants & technical cooperation

  - Need for sharper focus, greater alignment & predictability of Japan’s ODA

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Expected Role of PFM Support in New CAP to Ghana

- Goal: Poverty reduction through economic growth

- Two pillars of Japan’s assistance
  - Accelerating rural development
  - Promoting industrial development
  - Plus: Strengthening public administration

- Policy alignment to GPRS II
- Selection of development agenda with strategic focus
- Linking field-based experiences to policies and institutional development (PFM as a key to vertical programming)
Programmatic Approach
Role of PFM Support

GPRS II
Growth and Poverty Reduction

- Overall policy & institutions, PFM (MDBS, TA, etc.)

- Sector policy & institutions, PFM, local governance

- Field implementation

Focused approach with Selectivity

Vertical programming of Japan & aid inputs from upstream to downstream

Sector program projects, TA, pool funds, Sector BS, etc.