

# Development assistance in the forestry sector

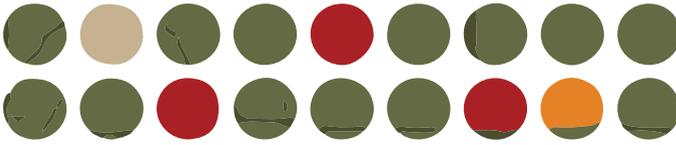
Impacts over the last two decades and implications for the future



**Thematic Report**

**Growing  
Forest  
Partnerships**





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implications for the future



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**Chris Beeko, Kwame Antwi Oduro, Elizabeth Asantewaa Obeng**

Chris Beeko works with the Forestry Commission of Ghana ([cabeeko@yahoo.com](mailto:cabeeko@yahoo.com)); Kwame A. Oduro ([koduro@csir-forig.org.gh](mailto:koduro@csir-forig.org.gh)) and Elizabeth A. Obeng ([eobeng@csir-forig.org.gh](mailto:eobeng@csir-forig.org.gh)) are research scientists at the Forestry Research Institute of Ghana

The views expressed in this paper are those of the authors and do not necessarily represent the views of the IUCN or of any institutions the authors may be affiliated with.

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## Executive Summary

This study was commissioned under the Growing Forest Partnerships initiative in Ghana. The purpose of the study was to provide inputs that can challenge and influence the direction and quality of development assistance in the forest sector in such a manner as to return optimum contribution to the governance environment, growth of institutions, and the development of the resource.

The forest sector of Ghana can be credited for the role it has played in the country's economic development. Currently, the sector contributes four percent to Gross Domestic Product (GDP). Over the last two decades, there have been several efforts from development partners to assist the sector improve on its contribution to national socio-economic development. Consequently, the sector has consistently received millions of dollars of development assistance from various development partners. In the past two decades, an amount in excess of US\$ 643 million (in 2009 dollar value) has been pumped into the sector. This gives an average, between 1989-2009, of US\$ 32 million a year (in 2009 dollar value).

The forest sector aid architecture in Ghana has changed over the years. Development Partners have moved away from direct project support to the current sector budget support mechanisms. The institutions and actors at play in the current sector aid architecture involve over ten development partners. Both public and private sector institutions are involved in project implementation.

The flow of monies through development assistance to the forest sector in Ghana has gone through three major programme phases, namely, (1) the Forest Resource Management Programme (FRMP) phase (1989-1997) where assistance was mostly on project basis; (2) the Natural Resources Management Programme (NRMP) phase (1999-2008) with donor support mainly on programme basis; and (3) the Natural Resource and Environmental Governance (NREG) phase (2008-date) with sector budget support. A fourth category might be considered to represent all the other development assistance that are given to the forest sector on individual project basis. These run parallel to the three major phases and include new international initiatives. This fourth category includes, for example, International Tropical Timber Organisation (ITTO) or European Commission funded projects that are implemented by Forestry Research Institute of Ghana (FORIG) and other institutions in the forestry sector.

Overall, priority interventions in the forest sector can be categorized into five focal areas, namely, forest management and resource development (including reforestation programmes), institutional capacity building, governance (including policy and institutional reforms), livelihoods support, and biodiversity conservation.

The state of forestry today, after more than two decades of development intervention and partnership by aid agencies, is very different from what pertained prior to the intervention. The forest sector is easily one of the best resourced sectors in the country in terms of human capital and logistics. There has been a panoply of reform initiatives that have *straightened* the rules of the game in the sector.

Notwithstanding the glaring and remarkable changes that have been witnessed in the sector within the last twenty years there still remains a paradox. It is still commonplace to hear statements that allude to the fact that “there has been a financing of deforestation through development assistance”. The forest resource base is, without question, in a much worse state than when all the aid money began to flow in. Law enforcement is no better than when the interventions began.

Earlier studies have established that the high rate of exploitation and associated degradation is reversing the sector’s contribution to GDP in real terms. The nation also loses hundreds of millions of dollars through environmental degradation and the huge increase in the industry-installed capacity undermines the timber resource base. The inability of the sector to keep the lid on forest degradation makes any discussion on its contribution to GDP difficult. The corollary is that the much touted exemplary management practices do not appear to have been enough to contain the consistent degradation in the forest resource base.

Perhaps the above is suggestive of a disconnect between development assistance and capacity building on one hand and governance and the sustainable management of the resource on the other. The Ghana forest sector presents a clear story of how development assistance that culminates in capacity building does not necessarily result in improved forest resource integrity nor yield the concomitant improvement in the livelihoods of forest dependent communities.

The combination of a dimmed innovation at planning a self-financing sector development agenda and a masked alignment to priorities of development partners could have provided some basis for the disorientation of the sector; a disorientation that can be said to be culpable for the current observable state of affairs.

Notwithstanding the foregoing, it must be acknowledged that forests are a highly contested resource. On a daily basis forests experience the imposition of demands from a myriad of interest groups. These multiple interests play out in national (as well as international) level politicking, which in turn tends to dilute rational decision making on the management of the resource. In seeking scientific solutions to the many issues enumerated above, there must be an incorporation of solutions that have a bearing on the debilitating intrusions from the political dimension.

With a continuation and an increase possibly in development assistance under Reducing Emissions from Deforestation and Forest Degradation (REDD), the challenge would be discovering which set of dynamics to examine in order to make a difference. Without examining and solving the puzzle between development assistance, capacity building, governance and sustainable forest management, continued inflow of development aid is not likely to yield much result where it matters most, in the preservation of the forest.

## Recommendations

The authors recognise that a collective effort, probably during a workshop, will be appropriate in finalising a list of recommendations that can best address issues raised in this study. The following list is therefore a preliminary one that can be built upon during the realization of a bigger forum.

- i. Towards reversing the dependency syndrome and also as a way of encouraging resilience, the forest sector must develop, as a matter of urgency, a strategic plan that has a clear exit strategy from development assistance.
- ii. The monitoring mechanism that assesses programme success and effectiveness must have a strong third party component that continually reports on progress in the improvement of the forest resource.
- iii. Similar to (ii) it must be the same for improvements in livelihoods.
- iv. Following from (ii), all development assistance initiatives in the forest sector must always have, as much as possible, a direct component linking the integrity of the resource base and livelihoods. This should include a component that specifically targets forest resource development.
- v. Towards lessening political intrusions in the management of the resource as well as programme management, mechanisms that enable the institutions to be accountable to stakeholders and the public as a whole must be rigorously pursued. Further to this would be a comparison of the outputs under earlier development assistance management mechanisms/arrangements and the current sector budget support.
- vi. Independent policy think tank for the sector must be nurtured – independent from existing public sector institutions to provide an alternative as well as well informed view point for policy formulation.

## Acronyms and Abbreviations

ADF	African Development Fund
AFD	Agence Française de Développement
AfDB	African Development Bank
AFORNET	African Forest Research Network
BC	Biodiversity Conservation
CBOs	Community Based Organizations
CEA	Country Environmental Analysis
CFBP	Community Forestry Biodiversity Project
CFMP	Community Forestry Management Project
CSIR	Council for Scientific and Industrial Research
DAC	Development Assistance Committee
DANIDA	Danish International Development Agency
DFID	Department for International Development
EC	European Commission
ENRM	Environment and Natural Resource Management
ERP	Economic Recovery Programme
EU	European Union
FAO	Food and Agriculture Organization
FC	Forestry Commission
FDMP	Forestry Development Master Plan
FIMP	Forestry Inventory Management Project
FIP	Forest Inventory Project
FMCP	Forest Management Certification Programme
FORIG	Forestry Research Institute of Ghana
FORUM	Forest Protection and Resource Use Management Project

fGEF	French Global Environmental Fund
FRM	Forest Reserve Management in the transitional zones
FRMP	Forest Resource Management Project
GDP	Gross Domestic Product
GEF	Global Environment Facility
GOG	Government of Ghana
GPRS	Ghana Poverty Reduction Strategy
GSBA	Globally Significant Biodiversity Areas
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
HFBC	High Forest Biodiversity Conservation Project
HFRMP	High Forest Resource Management Project
HFZ	High Forest Zone
ICR	Implementation Completion Report
IDA	International Development Association
IMF	International Monetary Fund
ITTO	International Tropical Timber Organisation
IUCN	International Union for Conservation of Nature
JICA	Japanese International Co-operation Agency
MDBS	Multi-Donor Budgetary Support
MLF	Ministry of Lands and Forestry
MLNR	Ministry of Lands and Natural Resources
NEPAD	New Partnership for Africa's Development
NGOs	Non-Governmental Organizations
NLBI	Non-Legally Binding Instrument
NREG	Natural Resource Environmental Governance Programme
NRMP	Natural Resources Management Programme
NSBC	Northern Savannah Biodiversity Conservation
ODA	Official Development Assistance

OECD	Organization for Economic Co-operation and Development
PPMED	Project Planning and Monitoring and Evaluation Department
PRGF	Poverty Reduction and Growth Facility
PRMP	Participatory Resource Management Project in the transitional zone of Ghana
REDD	Reducing Emissions from Deforestation and Forest Degradation
RNE	Royal Netherlands Embassy
RNG	Royal Netherlands Government
SBS	Sector Budgetary Support
SRMC	Savannah Resource Management Center
SRMP	Savannah Resource Management Project
TEP	Traditional Energy Project
UK	United Kingdom
UN	United Nations
USA	United State of America
USD	United States Dollar
WB	World Bank
WDSP	Wildlife Division Support Project
WFP	World Food Programme
WMP	Wildlife Management Project
WRMP	Wildlife Resource Management Project
WSDP	Wood Sector Development Programme
OSAA	Office of the Special Advisor on Africa

# 1.0 Introduction

The forest sector of Ghana has been recognized over the years to have played a significant role in the country's development. Currently, the sector contributes four percent to Gross Domestic Product (GDP). Over the last two decades, Ghana's forest sector has continuously received several millions of dollars of development assistance from various development partners. The different assistance programmes have been targeted at one or more issues of importance to the sector, namely sustainable forest management, livelihoods and pro-poor development, public revenue and institutional strengthening. Despite the continuous flow, the situation has arguably worsened in terms of resource integrity, law enforcement, rural livelihoods and rights. Some have disputed that there is actually an inverse relationship between the quantum of development assistance that has been poured into the sector and the integrity of the resource as well as the capacity of the institutions to regulate. Another school of thought is that development assistance has yielded negative governance results in the institutions.

With development assistance to the sector likely to see an increase, it is also becoming increasingly necessary to investigate the impact of aid over the last two decades and draw the correlations between programme intention and actual outcomes and attempt an assessment of the impact of aid on the integrity of the resource, the capacity of the institutions to regulate and the actual growth in the quality of governance in the sector. The focus of this study is to establish the contribution of development assistance to the forest sector of Ghana in terms of overall quantum of aid money over the past two decades. The objective is to provide inputs that can hopefully challenge and influence the direction and quality of development assistance in the sector in such a manner that actually returns optimum contribution to the governance environment as well as the growth of institutions and the development of the resource.

The report is organized as follows. Section 2 provides a brief overview of development assistance to the forestry sector in the context of international development assistance. This is followed by section 3, which analyses the typology and quantum of development assistance to the forest sector. Section 4 provides an insight into the impact of development assistance to the forest sector. Section 5 gives a conclusion on the impact of development assistance and the implications for future assistance to the forestry sector.

## 2.0 Overview of Development Assistance

### 2.1 Trends in Official Development Assistance (ODA)

ODA has generally targeted social, economic and environmental development. In 2009 ODA from members of the Organization for Economic Co-operation and Development's (OECD) Development Assistance Committee (DAC) rose slightly in real terms (0.7 percent) to US\$ 119.6 billion, representing 0.31 percent of DAC members' combined gross national income. The increase in ODA has come along with significant increase in the number of donors and donor channels (proliferation), a greater number of donor-funded activities with a relatively smaller share of resources (aid fragmentation), the earmarking of a large proportion of aid for specific sectors or issues within sectors (verticalization), and the growing role of non-Development Assistance Committee bilateral and private donors (ADF, 2009).

About 70 percent of ODA inflows have been provided through bilateral organizations and 30 percent through multilateral organizations (IDA, 2007). Africa receives a greater share, at 36 percent, of total global aid than any other part of the world. The accelerating pace of aid to Africa is a direct result of commitments made by the world's major aid donors at the G8 Gleneagles and UN summits in 2005 to increase aid to the continent generally and to Sub-Saharan Africa in particular (OSAA and NEPAD-OECD, 2010). In 2009, Ghana ranked 9th among the top 10 net ODA recipients in Africa with a total amount of US\$ 1.6 billion.

### 2.2 Trends in ODA to Ghana

Ghana received a total of US\$11.9 billion in aid between 1975 and 2002. ODA rose from the equivalent of 9.5 percent of GDP in 1990 to 10.4 percent in 2005. Development assistance commitments from multilateral and bilateral donors more than tripled between 1983 and 1990, as the economic recovery programme resulted in rapid growth and received widespread support (Geddes *et al.*, 2009).

Between 2000 and 2005, Ghana received an annual average of US\$1.3 billion in aid. Most of this assistance came from bilateral donors, whose yearly support averaged US\$839 million. Multilateral aid amounted to US\$496 million per

year. However the averages mask large variations of aid flows between the years (Wolter, 2008). In 2009, net ODA to Ghana amounted to US\$1.6 billion representing an increase of 23 percent over 2008 ([www.oecd.org/dac/stats](http://www.oecd.org/dac/stats)). Ghana's prominence with international donors can be seen not only by the amounts of aid it is receiving but also by the number of actors that are providing aid. There are 21 bilateral donors (including the Netherlands, UK, USA, Denmark, Canada, France, Germany, Japan and Spain), and 10 multilateral agencies (including the World Bank, EC/EU, and AfDB) (Geddes et al., 2009).

Since the introduction of the Growth & Poverty Reduction Strategy (GPRS) II in 2006, the government of Ghana has put greater emphasis on growth and the development of the productive sectors. This was reflected in donor commitments for 2006 to 2008 as well. While donor support for human capital development and social services were to rise slightly, support for private sector competitiveness (Pillar 1<sup>2</sup> of the GPRS II) were to increase significantly. Between 2006 and 2008, Pillar 1 was to receive over US\$1.5 billion, or 53 percent, of the total donor funds committed for that period. This implies an increase of Pillar 1 support of over 40 percent compared to 2003 to 2005. The major beneficiary of this increase was agriculture: yearly donor support for agriculture was to reach US\$226 million in 2008 (Wolter, 2008). The expectation that oil revenues would provide around 3-4 percent of GDP from 2009 onwards means that aid to Ghana is considered to be at a turning point (Geddes *et al.*, 2009).

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2 The 2006 Ghana's Growth and Poverty Reduction Strategy II (GPRS II) is organised around three pillars namely Private sector competitiveness (pillar 1), Human resource development (pillar 2) and Good Governance and Civic responsibility (pillar 3). Pillar 1 comprises private and financial sector reforms, modernized agriculture and infrastructure. Issues concerning forestry in the GPRS II is categorized under modernized agriculture.

## 3.0 Typology and Quantum of Development Assistance to the Forest Sector

### 3.1 Overview of Development Assistance to the Forest Sector

Development Assistance has been one of the main drivers of change to the forest sector, often extended to recipient countries with the main aim of ensuring environmental conservation and sustainable development. The forest sector continues to remain one of the priority areas for investment by international development partners resulting in significant achievements in social, economic and environmental aspects. Aid to forestry has remained stable in real terms over the past decade. While total ODA has risen sharply, the share of aid to forestry has declined. The main donors have been Japan, the Netherlands, Germany, United States, Finland and the European Commission (OECD-DAC, 2008).

In terms of sub-sector distribution, the major sub-sector that has received the highest aid is forestry development, followed by policy and administration management. Aid to forestry is concentrated in the low income countries. Asia receives more than 60 percent of total aid to the forest sector (OECD-DAC, 2008).

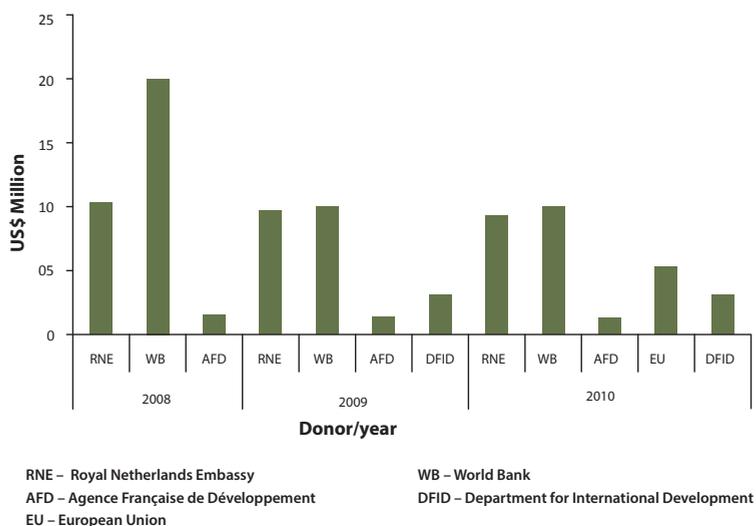
More than 80 percent of aid activities in the forest sector target the objectives of the Rio Convention, mostly as the principal objective. Members of the OECD's DAC provided US\$8.5 billion in bilateral ODA in 2008 to help developing countries reduce their own emissions, enhance greenhouse gas sinks or integrate climate change concerns in their development objectives. This represented about 8 percent of total ODA that year. The largest donors were Japan (US\$ 3 billion), Germany (US\$ 2 billion) and France (US\$ 0.8 billion). In value terms, close to 80 percent of climate change mitigation-related aid was reported in the sectors of Energy, General Environmental Protection, Transport and Storage, Water and Forestry (OECD-DAC, 2010).

### 3.2 Current Forest Sector Aid Architecture in Ghana

Aid architecture can be defined as the set of rules, institutions, norms and practices governing aid flows to developing countries (IDA, 2007; Bräutigam, 2010). In general, global aid architecture has undergone significant changes

in past decades. It has evolved over time much of it without a pre-defined blueprint. Most of today's aid principles and institutions are the result of over 50 years of debate and joint decision-making. According to Bräutigam (2010), the international aid architecture comprises four major areas: (1) Institutions and actors; (2) volumes and composition; (3) instruments and modalities, and (4) rules and standards/principles.<sup>2</sup> The forest sector aid architecture in Ghana has changed over the years. DPs have mainly moved from assistance given to projects and programmes to the current multi-sector budget support mechanisms. The major programme under this is the Natural Resources and Environmental Governance (NREG). This, however, runs parallel to other support for projects on individual basis (see section 3.3).

The institutions and actors at play in the current sector aid architecture involve over ten development partners. Both public and private sector institutions are involved in projects implementation. NREG is coordinated by a high-level, inter-ministerial committee and carried out under the supervision of the Minister for Finance and Economic Planning and supported by a Technical Coordination Committee. In terms of volume, the amount of development assistance allocated to NREG by different DPs from 2008 to 2010 is shown in figure 1. About 58 percent of the assistance have been provided through the multilateral donors and 42 percent through bilateral donors.



**Figure 1: Contribution from development partners under sector budget support mechanism (NREG)**

2 See Annex 1 for details on the major areas of international aid architecture.

### **3.3 Evolution of Development Assistance to the Forest Sector in Ghana**

The flow of monies through development assistance to the forest sector in Ghana has gone through three major phases. These are (1) the Forest Resource Management Programme (FRMP) phase (1989-1997) where assistance was mainly on project basis; (2) the Natural Resource Management Programme (NRMP) phase (1999-2008) with donor support mainly on programme basis; and (3) the Natural Resource and Environment Governance (NREG) phase (2008-date) with sector budget support. A fourth category might be considered to represent all the other development assistance that are given to the forest sector on individual project basis (including new international initiatives) that run parallel to the three major phases. This fourth category include, for example, International Tropical Timber Organisation (ITTO) or European Commission funded projects that are implemented by Forestry Research Institute of Ghana (FORIG) and other institutions in the forestry sector.

#### ***Phase I: Development assistance through the Forest Resource Management Programme***

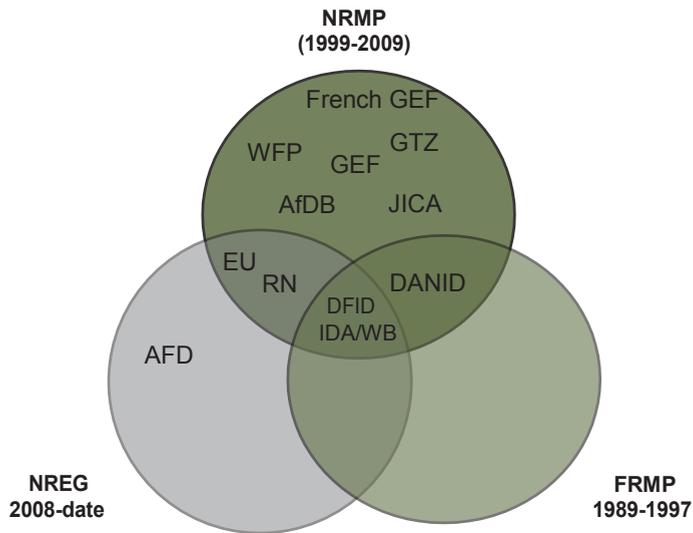
During this phase, development assistance was channeled through the Forest Resource Management Programme (FRMP). The development partners that contributed to the FRMP were the International Development Agency of the World Bank (IDA), the Danish International Development Agency (DANIDA) and the United Kingdom's Department for International Development (DFID, formerly ODA) (Figure 2). The development partners supported individual projects under the FRMP that focused mainly on forest resource development, institutional strengthening of the forestry sector agencies, including infrastructure development, training, development of capacity for policy planning, monitoring and evaluation.

For example, between 1989 and 1995, DFID supported a number of capacity building operations, including: (i) the Forest Inventory Project (FIP) that sought to assist the Forestry Department establish sustainable harvest levels for the country's forest reserves; and (ii) Forest Inventory and Management Project (FIMP) seeking to improve management and to enhance the public awareness of social aspects of forestry.

## ***Phase II: Development assistance through the Natural Resources Management Programme***

In 1996, the Government of Ghana launched a Forestry Development Master Plan (FDMP) to guide the implementation of the 1994 Forest and Wildlife Policy. The resources and drive needed to implement the FDMP was channeled through the NRMP, which was a multi-donor assisted programme in a form of “basket funding” approach. All development partners were expected to contribute through the NRMP. Implementation of the NRMP began in June 1999 and various donor agencies that had on-going projects at the time were brought on board. For instance, the FORUM project was subsequently brought under NRMP at its inception. In 1993 the Government of the Federal Republic of Germany in collaboration with Government of Ghana launched the Forest Protection and Resource Use Management Project (FORUM) with the objective of controlling forest degradation and to rehabilitate selected forest reserves in the Volta region over the period 1993-2008. Since the FORUM project was still on-going at the inception of the NRMP, it was brought under the NRMP umbrella.

One of the major reasons for adopting the “basket funding” approach to development assistance in the forest sector was to reduce the transaction costs of dealing with multiple development partners and projects. However, the NRMP approach of bringing all development assistance into a common basket (programme) did not work according to plan. This was because development partners were not on schedule in making available their aid monies. Several other donors also joined the programme at different periods during the NRMP implementation phase. Furthermore, the different donors had different systems of measuring the impact of the development assistance given to the forest sector under the NRMP.



**Figure 2:** *Development partners contributing to FRMP, NRMP, and NREG*

Moreover, the World Bank (2003) reported that there were several serious flaws in the project design that were largely responsible for the problems encountered during the NRMP phase I implementation. These flaws included complex project design, inadequate evaluation of institutional capacities and ambitious objectives for a short implementation period. For example, under the NRMP, a sub-component could be funded using counterpart funding from as many as 6 co-financiers through 14 different technical assistance and investment projects. While this may have presented an opportunity for creating meaningful partnerships and for enhancing donor coordination skills, it also presented some significant challenges. Several donors were responsible for funding different parts of the same component and slippage in one area often affected the delivery of the rest of the component. Not surprisingly coordination became an issue as the country had little experience in handling the level of coordination demanded by the entire NRMP (World Bank, 2003).

In mid 2000s development assistance to the forest sector in the form of support to individual projects seemed to have regained grounds since the NRMP approach was not proceeding as planned. There were several donors that were supporting individual projects in contrast to what the NRMP sought to do. This was an indication that the government was having high transaction

cost from coordinating and implementing these donor assistance. It was in line with this that the country environmental analysis (CEA) recommended that the forest sector would benefit from a multi donor-driven, sector-wide natural resources management programme that targets strategic institutional issues (environmental governance) of the sector (World Bank, 2006). These were the antecedents for the transition to the next phase in development assistance.

### ***Phase III: Assistance through Natural Resources and Environmental Governance (NREG)***

The Natural Resources and Environmental Governance (NREG) programme is designed to provide annual Sector Budget Support (SBS) and to sustain the implementation of broad programme of natural resources governance and environmental reforms and innovation for the government. NREG sector budget support is a mechanism for multi-donor sector budgetary support to the Government of Ghana, with specific benchmarks as result indicators in environment, mining and forestry in a number of areas that directly impact poor, rural citizens. Targets and triggers are set by the government and development partners. Government progress on the targets is assessed each year prior to agreements on release of funding.

The 12 key development partners that have provided support over the last two decades through the FRMP, NRMP and NREG phases are shown in figure 2. The intersection at the three programme phases shows that only the IDA/WB and DFID have been consistent in providing aid assistance through the implementation of all three phases of development assistance to the forest sector. In terms of numbers the NRMP had the highest number of development partners (eleven) contributing, while the FRMP had three development partners. The current sector budget support programme (NREG) has five DPs.

### ***Other development assistance in the forest sector***

In addition to the three major phases described above, there are other donors that have continued to provide assistance to the forest sector on the basis of individual projects. These include ITTO, GEF, FAO, EU, AfDB, AFORNET, etc. Assistance from these donors are accessed by research institutions as well as NGOs and CBOs in the forest sector. For example, in 2003, the EU sponsored a five year chainsaw milling project, being undertaken by the Tropenbos International Ghana in collaboration with FORIG, FC and civil society. The project aims to reduce the level of conflict and illegality related to chainsaw lumbering by local communities. Specifically the project seeks to (i) reduce poverty and

promote viable livelihoods in forest-dependent communities (ii) reduce the occurrence of illegal logging and (iii) promote the conservation and sustainable management of tropical forests in developing countries.

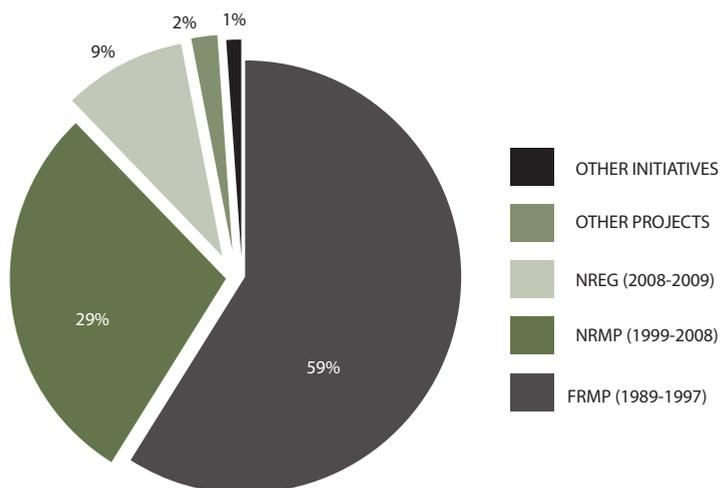
New initiatives such as Climate Change, REDD, NLBI are promising avenues for development assistance in the forest sector. The Forestry Commission reports that the Expert Group has recommended for the selection of Ghana as a pilot under the Forest Investment Programme (FIP). If selected, the Forestry Commission (FC) will receive a carbon grant of about US\$70 million to pilot its carbon programmes under climate change. In addition, Ghana is receiving financing from the Forest Carbon Partnership Facility (FCPF) of the World Bank to implement a 4-year country-level REDD+ Readiness Preparation Proposal (R-PP).

### **3.4 Quantum and Focus of Development Assistance to Ghana's Forest Sector**

In the past two decades, various development partners have injected several millions of dollars of aid money into Ghana's forest sector through projects, programmes and technical assistance. The overall quantum of development assistance allocated to the forest sector in the last two decades amounts to well over US\$ 643 million (in 2009 dollar value)<sup>3</sup>. Thus, aid to Ghana's forest sector from 1989-2009 amounts to about US\$ 32 million a year (in 2009 dollar value). Figure 3 shows the distribution of the total aid among the different funding phases. In present value terms, the FRMP received the highest total amount of aid (59%). Two percent of the total quantum has been in support of other projects (projects outside the three major programme phases) such as the chainsaw milling project mentioned above. The 1 percent support to other initiatives includes support under the NLBI pilot phase.

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3 The overall quantum was derived by calculating the 2009 dollar value (future value) of all development assistance monies received between 1989 and 2009. The present value was assumed to be the first year of the implementation or initiation of the particular development assistance project or programme. The Future Value (FV) is therefore calculated as:  $FV = PV(1+i)^n$  where PV is present value, i is the interest rate per year, and n is the number of compounding years. Interest rates for the US\$ was obtained from <http://www.global-rates.com/interest-rates/libor/libor.aspx> (see Annex 1)



**Figure 3:** Contribution to the total quantum of aid to the forest sector by funding mechanism

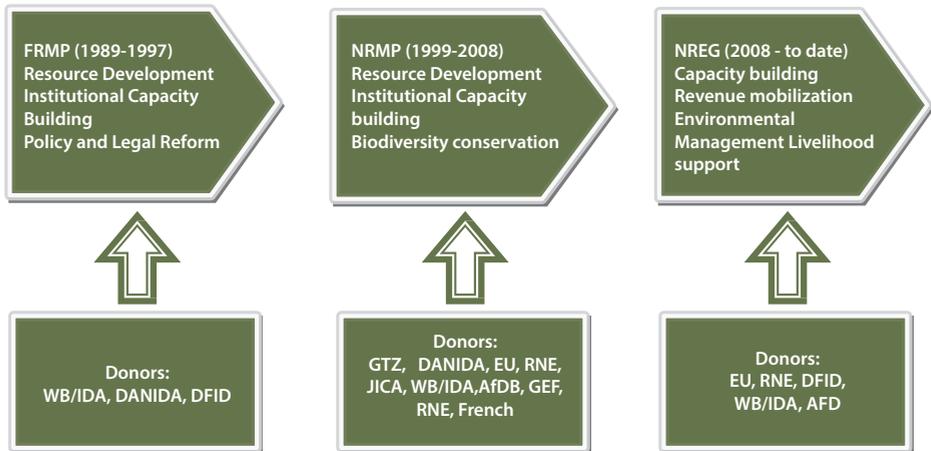
### 3.4.1 Focal Areas of Development Aid to the Forest Sector

In general, the design of development assistance to the forest sector appears to have been consistent in responding to a number of national priority areas in the last two decades. In most cases, the aspirations of development assistance projects and programmes have reflected essential priorities of Ghana's natural resource policy, embodied in the 1994 Forest and Wildlife Policy, the 1996 Forestry Development Master Plan, as well as the 2006 Growth and Poverty Reduction Strategy II. Priority interventions in the forest sector have broadly centred around five focal areas (figure 4), namely:

- i. Forest management and resource development (including reforestation programmes)
- ii. Institutional capacity building
- iii. Governance (including policy and institutional reforms)
- iv. Livelihoods support, and
- v. Biodiversity conservation.

The classification is based on the objectives and aims of each of the individual projects for which development assistance was given. Much attention was given to forest management and resource development under FRMP and NRMP whiles governance is the major theme under NREG. However, in each of the three phases of development assistance, particular attention had been paid to

institutional strengthening, capacity building and aspects of legal reforms in the forest sector. Especially under NRMP, livelihoods support and biodiversity conservation received particular attention.



**Figure 4:** Focal areas of forests sector programmes (1989-2009)

## 4.0 Assessing the Impact of Development Assistance to the Forest Sector

### 4.1 Achievements of the Donor Assisted Programme Objectives

This sub-section is in three parts. The first part presents a summary of the objectives of the FRMP, NRMP and NREG as contained in programme documentation. The second part looks at the achievements of some specific projects implemented under

FRMP and NRMP as contained in project completion reports and other documents. The focus is mainly on NRMP based on the fact that NREG is ongoing and completion reports from projects under FRMP are not readily available. The third part discusses the key factors that affect the implementation of programme objectives.

#### 4.1.1 Summary of Development Assistance Programme Objectives

The forest sector over the past two decades has seen a number of structural and developmental changes aiming at sustainable forest management, improved livelihoods, increased revenue and institutional strengthening. A brief summary of the objectives of the FRMP, NRMP and NREG as contained in programme documentation is presented here.

##### **A. Forest Resource Management Programme (FRMP)**

The FRMP is reported to have been necessitated by the adverse effects of the depletion of forest cover on agricultural productivity, wood availability and other forest products and on the environment. It was initiated as a six year project with support from International Development Agency of the World Bank (IDA/WB), the Danish International Development Agency (DANIDA) and the Department for International Development (DFID, formerly ODA) of the United Kingdom. The main objective was to strengthen institutions of the forest sector agencies through infrastructure development, training, development of policy planning, and monitoring and evaluation (MLF, 1996). The FRMP had five

major components: (i) forestry sector policy reforms, (ii) forest management, (iii) rural forestry, (iv) strengthening the forestry sector institutions and (v) education, training and research (Dadebo and Shinohara, 1999).

## **B. Natural Resources Management Programme (NRMP)**

The NRMP was initiated as a tool for implementing the 1996 Forestry Development Master Plan. The overall development goal was to *“protect, rehabilitate and sustainably manage national land, forest and wildlife resources through collaborative management and to sustainably increase the incomes of rural communities who own these resources”* (MLF, 2001). The NRMP was structured to be implemented in 3 phases with support from different donors. The first phase (NRMP I, 1999-2000) generally focused on (a) restructuring and strengthening sector institutions, (b) finalizing policy reform and enacting legislation related to resource pricing, (c) forest concession allocation and management and (d) piloting collaborative resource management programs. Conditional on the success of the first phase, Phase 2 (NRMP II, 2001-2004) was to support the initial implementation of the collaborative resource management programmes, with emphasis on selected sites considered priorities from biodiversity, environmental, and/or economic perspectives. The NRMP documents indicates that the third phase (NRMP III, 2005-2008) was to expand coverage of collaborative resource management nation-wide ensuring that the system of collaborative management with local communities were properly institutionalized at national, regional and district levels.

Four components of the NRMP that have been implemented are briefly mentioned below. These are: a) High Forest Resources Management; b) Savannah Resources Management; c) Wildlife Resources Management; d) Biodiversity Conservation.

- **High Forest Resources Management Component:** This component focused on assisting the government to design and implement sectoral policy and institutional reforms. This was to substantially increase forest royalty rates and enhance revenue capture; improve concession allocation procedures and concession management; improve sustainability of the forest industry through the introduction of new legislation; and by streamlining mandates of forest sector agencies and strengthening their implementation capacity. The component included 6 subcomponents: policy and legislative reform, sector institutional reform, integrated forest reserve management, forest resource management (off reserve), wood industry reform and plantation

development. Based on the 6 subcomponents a number of projects were designed for implementation (see text box 1).

**Text Box 1: Projects designed for implementation under the high forest resources management component**

- i. *Wood-working Sector Development Project (WSDP) 1998-2001:* Restructuring the wood working industry which led to the establishment of WITC.
- ii. *Forest Plantation Development Project (FPDP) 1999-2004:* Setup a centre for plantation development and develop modalities for plantation development.
- iii. *Forest Management Certification Programme (FMCP) 1997-1999:* Piloting forest certification in Ghana
- iv. *Wildfire Management Project in the transitional zones of Ghana 2002-2008:* Protection, management, rehabilitation and sustainable management of the national lands, forest and wildlife resources and increase income of local communities through fire prevention and control.
- v. *Forest Protection and Resource Management Project (FORUM) 1993-2008:* Reducing degradation of forest resources in the Volta region through; protection of remaining national forests, rehabilitation of degraded forest reserves and promotion of private woodlot establishment.
- vi. *Community Forest Management Project (CFMP) 2003-2010:* Rehabilitation of degraded forest reserves while increasing production of agriculture, wood and non – wood forest products and strengthening the capacity of relevant institutions.
- vii. *Forest Reserve Management in the transitional zones (FRM) 1997-1998:* Undertake a study into forest reserve management in the transitional zone.
- viii. *Participatory Resource Management Project in the transitional zone of Ghana (PRMP) 2004-2009:* Reaching the state of implementing participatory Forest Resource Management in and around at least two(2) forest reserves in Sunyani Forest District.

- **Savanna Resources Management Component:** This component focused on improving the operational framework for harvesting and processing woodfuel. In addition, it sought to strengthen field extension capacity through the creation of a multidisciplinary resource management centre to work in collaboration with local communities and the district level environmental and planning committees. This was to promote integrated management of soil, water and natural land cover. Pilot activities to improve woodland management and revenue generation with increased local community involvement were to be developed, along with initiatives to improve woodfuel marketing and utilization. Projects implemented include:
  - i. Traditional Energy Project (TEP) 1999-2003: to identify source of energy provision, and the management of woodland for the production of energy through improved models of using fuelwood.
  - ii. Food support to Savannah Resource Management (1999-2003) focused on boosting food supply for communities.
  
- **Wildlife Resources Management Component:** This component was to strengthen the capacity of the then Wildlife Department to improve the social and economic sustainability of wildlife management programmes and foster effective collaboration with communities, private sector, NGOs and other partners. Park management plans, development of priority park infrastructure, and building of an extension programme for communities adjacent to wildlife reserves and increased public awareness programmes were to be implemented. Specific activities included restructuring the wildlife department; revising all protected area management plans and making them operational through annual work planning procedures; and prioritizing proposed infrastructure development programmes at the different project sites. Projects implemented are presented in text box 2.

**Text Box 2: Projects designed for implementation under the wildlife resources management component**

- i. *Protected Area Development Project I (PADP I)* 1999-2000: Reduce poverty through enhanced conservation of biodiversity heritage of Ghana
- ii. *Protected Area Development Project II (PADP II)* 2005-2010: Consolidating and extending long term management prospects for Ankasa and Bia protected areas and empower civil society to manage and benefit from the area.
- iii. *Wildlife Division Support Project (WDSP)* 2001-2008: Building on infrastructure and human resource development by transforming game and wildlife department into Wildlife Division of the Forestry Commission. This project had three major focal areas which were the setting up of Wildlife Division Headquarters, the Mole National Park and the identification, gazettement and management of Kyabobo National park.

- **Biodiversity Conservation Component:** This component was implemented over six years, covering the first two phases of the programme. It focused on the implementation of key elements of the Forest Protection Strategy and the National Biodiversity Strategy. In particular, the capacity of the Forest Services Division (FSD) was to be strengthened for biodiversity conservation and management and to establish Globally Significant Biodiversity Areas (GSBAs). Further, the FSD was to initiate pilot activities to generate revenues from activities other than logging in selected forest reserves. See text box 3 for some projects implemented under this component.

**Text Box 3: Projects designed for implementation under the biodiversity conservation component**

- i. *High Forest Biodiversity Conservation Project (HFBCP)* 1999-2007: Identify, document and demarcate forest areas within HFZ that are of high importance for global biodiversity conservation and to increase the ecological security of these areas.
- ii. *Northern Savannah Biodiversity Conservation (NSBC)* 2002-2008: Optimal and sustainable use of savannah ecosystem to restore and conserve agro-biodiversity, threatened or rare farm crop varieties, medicinal plants, fuelwood, bush meat and grazing lands and to alleviate rural poverty.
- iii. *Community Forestry Biodiversity Project (CFBP)* 2006-2009: To help protect biodiversity (flora and fauna) in Community management forests around National Parks and forest reserves in the Western Region of Ghana.

## **C. Natural Resource and Environmental Governance (NREG)**

NREG is a five year multi-sectoral programme developed by Ministry of Lands and Natural Resources (MLNR), Ministry of Environment, Science and Technology (MEST), Forestry Commission (FC), Minerals Commission (MC) and Environmental Protection Agency (EPA) based on a memorandum of understanding between Government of Ghana (GOG) and five other participating Development Partners (DPs). The DPs included Agence Francois de Development (AFD), Department for International Development (DFID) of the United Kingdom, the European Commission (EC), the Royal Netherlands Embassy/Government (RNE/RNG) and the International Development Association (IDA/WB). The programme is designed to provide annual Sector Budget Support of three inter-related subsectors of the economy namely, forestry and wildlife, mining and environment. The main focus is to (i) improve management of government revenues and finances in the forestry and mining sectors (ii) secure livelihoods in the two sectors (iii) simultaneously improve environmental protection in the two sectors and in the other sectors supporting growth in Ghana. Additionally, NREG seeks to strengthen natural resources and environmental governance as a means to ensure that natural resources contribute to greater wealth and

sustainable economic growth. The overall objective is to ensure sustainable economic growth, poverty reduction, increasing revenues and improving environmental protection.

## **D. Other Key Donor Funded Projects**

Aside the three key governmental initiatives given above, other equally important projects in the forest sector have received support from development assistance programmes. The significance of this support makes it worthy of mention in this study. These projects are either implemented by NGO's or other forestry related institutions, such as research and academia. Examples of these key projects include the following:

- i. *The Community-based Integrated Natural Resources Management Project in Okyeman* (2004) that sought to enhance biodiversity conservation and sustainable use of renewable natural resources in collaboration with traditional authorities and community members who own the resources.
- ii. *Chainsaw Milling Project* (2007) funded by the EU and seeks to reduce the level of conflict and illegality related to chainsaw lumbering by local communities in Ghana.
- iii. *ITTO support for various projects at CSIR-FORIG* focused in the areas of sustainable forest management, timber industry development and other key areas of forest resource development, and capacity building.

### **4.1.2 Achievements of Donor Programme Objectives**

The achievements of the FRMP and NRMP as indicated by project completion reports and other documents are reported on here.

#### **FRMP**

Under the FRMP, some key policy reforms concerning logging concessions, forest revenue policy and administration were implemented. The primary concern was the need to create stronger institutions and good policies that could support conservation and efficient management of the forests. Kotey et al (1998) reports that between 1993 and 1994, tighter management strategies in forest reserves implemented under the FRMP resulted in the desired reduction of log production from the reserves in that period. According to the NRMP Concept Document, the FRMP (i) strengthened management capacity within the Ministry of Lands and Natural Resources; (ii) improved timber royalty

collection and disbursement to local traditional authorities (Stools); (iii) improved capacity of the Wildlife Department (now Wildlife Division) for protected area (PA) management and facilitated development of ten PA management plans; and, (iv) strengthened research and training capacity through support to the Forestry Research Institute of Ghana and the Institute of Renewable Natural Resources of the Kwame Nkrumah University of Science and Technology.

## **NRMP**

The NRMP (phase I) implementation completion report noted that the overall achievement of objectives and outputs under the NRMP was moderately satisfactory. The objective of the NRMP was to establish the institutional and policy framework in collaboration with local communities for sustainable management of the high forest, savanna woodland and wildlife resources. The implementation completion report indicated that the developmental objectives of NRMP (phase I) were achieved for the high forest and savannah woodland areas (World Bank, 2003).

The high forest and savannah woodland areas components achieved many of its key outputs. Notable among them are, an observable increase in the collection of outstanding royalties from 25 percent to 95 percent; completion of 12 priority reserve management plans; completion of a log export ban study; the revision of benefit sharing arrangements for natural forest timber revenue which yielded about US\$ 1.25 million in incremental benefit to stool landowners per annum; completion of 12 collaborative management plans for 6 reserves in the high forest zone and 12 management plans for 12 communities in the savannah zone; and the drafting of a national action plan for Forestry. The NRMP phase I is also reported to have achieved 90 percent of its triggers for initiation of Phase II (World Bank, 2003).

Concerning the high forest biodiversity conservation project, the World Bank (2008) reported in the project implementation completion reports (ICR) that ***the project was successful in achieving its objectives***. The ICR indicate that the project objectives were critical to addressing key environmental problems confronting biodiversity conservation in Ghana, and also to protect, rehabilitate, and sustainably manage national land, forest, and wildlife resources within the Upper Guinea forest ecosystem and to sustainably increase the income of rural communities who own these resources. The project responded directly to a number of national policies related to the environment, especially natural resource management, and biodiversity conservation as stipulated in the National Environment Action Plan, as well as the Growth and Poverty Reduction

Strategy of Ghana (GPRS-II). The project was also consistent with Pillar 1 of the 2007 Country Assistance Strategy which aims at sustainable management of natural resources and environment, and priorities included: reforming and building capacity of key regulatory agencies to help them adapt and fulfil their mandates as subvented agencies (World Bank, 2008).

The project implementation completion reports assert that the *conditions of the forests within the GSBAs have improved as a consequence of the sustainable management regimes and enforcement of forest protection and resource conservation rules and regulations* (World Bank, 2008). In addition, the ICR claim the following as achievements through the implementation of the project:

- i. Integration of biodiversity management into core business planning of the FC.
- ii. awareness of the importance, willingness and need to protect forest by community members, as they now recognize a link between forest health and their own livelihoods<sup>4</sup>.
- iii. biodiversity issues have been incorporation into national processes, including the current Growth and Poverty Reduction Strategy (GPRS-II).
- iv. a sense of ownership of the project as a result of massive sensitization measures, campaigns, joint programmes and collaborative approaches to project activities.

### **4.1.3 Key Factors Affecting Implementation of Programme Objectives**

The key factors that affect the implementation of development assistance programmes include the following:

- i. donor co-financing arrangements
- ii. release of government counterpart funding
- iii. changes in government
- iv. donor coordination and programmes monitoring and evaluation
- v. continuity in programme objectives or lack of continuity.
- vi. capacity of institutions to execute programme
- vii. donor programme preferences

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4 Local (forest fringe) communities have been involved in the development of about 30 management plans for the GSBAs. Aspects of these plans consist of social components that have been endorsed by the local communities.

## **Donor co-financing arrangement**

Donor co-financing arrangements associated with development assistance programme largely affect the implementation of programme objectives. For example, different components of the NRMP were to be funded by different development partners and in many instances funds came at a later time usually years after the initial intended period of the proposed starting date. The NRMP implementation completion report (World Bank, 2003) indicates that funding from the EU (US\$ 1.4 million) and AfDB (US\$ 0.8 million) for plantation development did not materialize in the proposed time. In addition, the late start-up of the Royal Netherlands Embassy funded *Fire Management and Wildlife Institutional and Human Resource Reforms* sub-component of the NRMP significantly affected the implementation progress of the Wildlife Component (World Bank 2003).

## **Release of government counterpart funding**

The slow release of counterpart funds had substantial impact on procurement of goods and equipment and civil works. Therefore any late release in government counterpart funding was likely to affect the continuous and rate of implementation of programme objectives. The NRMP ICR indicated that the government consistently failed to provide counterpart funding on time and in the amounts estimated by the project (World Bank, 2003).

## **Changes in government**

Changes in government are also able to introduce delays in the implementation of some project components. This is because a change in government normally comes with changes in personnel at the higher echelons of forestry administration. These include Ministers and their Deputies, the FC Board and its Chief Executive. These key personnel would normally need to acquaint themselves with programme objectives as well as align same with their respective visions. As was noted by the NRMP Implementation Completion report while a change in government in 2001 did not affect the quality of implementation, it contributed to a slower rate of implementation of project activities and reforms.

## **Donor coordination and programmes monitoring and evaluation**

In many of the development assistance projects, the Ministry of Lands and Natural Resources has been responsible for ensuring adequate coordination between the different donors contributing to the projects. Often, the MLNR was not able to provide adequate coordination with concurrent donor programmes that were to support the development assistance projects. The monitoring and evaluation

of projects has also been weak as this was limited to field visits by Desk Officers of the Project Planning and Monitoring and Evaluation Department (PPMED) on an ad-hoc basis and the use of quarterly reports submitted periodically by the various component Team Leaders (World Bank, 2003).

### **Continuity in programme objectives**

Development assistance in the forest sector has been provided through the FRMP, NRMP and NREG. The transition from one programme to the other and how successive programmes are able to build upon earlier ones, largely affect the achievement of programme objectives.

Major components of the FRMP included forestry sector policy reforms and strengthening of sector institutions. The underlying concern here was the need for stronger institutions and good policies that could contribute to the achievement of sustainable management of the forest resources. Under the FRMP, various key policy reforms and restructuring of the sector (new legislation, design of new processes, and creation of FC under Act 453) were undertaken. All these initiatives were aimed at strengthening the sector institutions. The government faced several challenges in finalizing and getting the new policies into practice. These challenges included underestimation of the scale of reforms required (reform overload), concerted industry opposition and noncompliance, lack of communities support due to non benefit from legitimate timber, and insufficient capacity to address key aspects of policy and legislative consolidation (see World Bank, 2006). The result was the partial completion of reforms and this subsequently impacted negatively on the forest resources. There is a general perception that during this period the industry took advantage of the uncompleted reform process to speed up harvesting activities. Several other impacts such as administrative (discretionary) allocation of resources, and ineffective regulation of off-reserve timber exploitation, resulted from the partial completion and implementation of the reforms initiated under the FRMP.

The lessons emanating from the FRMP as well as the “unfinished business” must have informed the development of the successor programme, the NRMP. Accordingly, the focus of the NRMP was to streamline aspects of earlier programme implementation and to build on ongoing reform processes at the time. Perhaps this would lend some explanation to why the first phase of NRMP mainly focused on restructuring and strengthening sector institutions; finalizing policy reform and enacting legislation related to resource pricing; and forest concession allocation and management. It is noticeable that these were all initiatives under the FRMP.

Among the programme elements, collaborative forest management appears to thread, chronologically, through all the programmes. The NRMP I design incorporated the piloting and continuation of collaborative resource management activities started under the FRMP. NRMP II, continued to support the initial implementation of the collaborative resource management programmes, with emphasis on selected sites. NRMP III was scheduled to expand its coverage nation – wide ensuring that the system of collaborative management with local communities was properly institutionalized in the country. Other elements / initiatives do not make the transition from one programme to the other as visibly as collaborative management.

However, NRMP I ended without the planned transition into Phase II. The World Bank (2003) reported that, the Ghanaian Government agreed with the development partners (DPs) not to continue with the implementation of the NRMP II but instead to focus on other more targeted instruments. The result of this decision was the re – emergence of assistance to individual projects as opposed to assistance to a programme. In the process, the government incurred high transaction costs from the coordination and implementation of all the individual projects. Hence, the government realized that a new sector-wide approach to natural resources management would be appropriate. This realization resulted in the design and development of the NREG programme.

The NREG programme cannot be seen as a direct follow-up programme of the NRMP but rather a new programme developed to tackle the existing issues in the sector. This situation possibly became necessary as a result of the failure to fully implement all the planned phases of the NRMP. That notwithstanding, NREG is seen by both government and DPs as necessary to address the major issue in the environmental sector, namely governance.

In addition to the state coordinated programmes (FRMP, NRMP, NREG), other organizations including civil society pursue their own initiated projects and programmes that complement government's efforts. Many of these projects are direct response to call for proposals from funding agencies that address specific areas of interest. At the Forestry Research Institute of Ghana for example, many of such donor funded projects in natural forests and plantation silviculture, wood utilisation, forest fire management and quality control have been completed with clear recommendations for follow up activities. However, many of the projects have not been continued because either the project proponents have failed to develop the follow up activities into proposals for funding or no funding agency (donor) has been interested in funding the follow up proposal. Consequently, only a few of these projects such as the forest fire management

in Ghana receive additional funding for follow up activities. Through this mode of accessing development assistance, the sector loses the opportunity of systematically building on the achievements of earlier initiatives.

### **Institutional capacity to execute programme**

Until the mid-2000, the use of technical advisors and technical cooperation officers was an integral part of the development assistance programme design. Programme implementation was therefore more or less 'supervised' by expatriates who were brought in to advise with implementation. Perhaps this was a tacit recognition of the inadequate capacity on the side of implementing agencies to solely execute programmes. There are, however, other schools of thought on the rationale behind following the aid money with expatriate staff.

From the forest inventory that was conducted under the FRMP to the legislative and institutional reforms concluded under the NRMP II, there had been an intricate involvement and guidance of expatriate staff. In most of the instances, the involvement of expatriate staff went as far as signing of cheques to the day to day administration of projects. Policy direction was also mostly influenced by the expatriate workers on these projects. Clearly, advantage was gained, but was this project management and policy making expertise transferred into the institutions? Also, what would have been the case had the agencies been left to manage on their own right from the start? This approach of direct expatriate involvement was of course dropped with the introduction of sector budget support under the NREG. Government got back in full control of project/programme management. An exercise that may be worth the while will be the assessment of the impact of this style of involvement of expatriate workers on the build-up of capacity of the agencies to execute projects and programmes. While individual officers who worked with these expatriate workers may have received some mentoring, the overall impact on the institutions may be another case to examine. More pertinently, how does the quality of work seen under the earlier development assistance arrangement compare with the current arrangement under the sector budget support? Another issue worthy of probing is the returns on the investment/assistance as evidenced by project outputs. Has there been a dip or a rise? Did the sudden<sup>5</sup> opportunity to self-manage development funds improve programme implementation or reflect in governance concerns?

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5 It is generally thought that the transition from direct project support to sector budget support was not well managed as requisite systems and capacity to implement programmes under the SBS was not put in place before making the transition

## Donor programme preferences

A subject worthy of probing is how the preferences of donors have impacted the direction of development of the sector. It goes without question that in the past, many development assistance programmes have been tailored to meet the country preferences of the development partners. Could this have induced agencies to move away from long term development objectives to focus on money attracting programmes? To what extent has this contributed to the current state of affairs in the sector? Interesting as it is, this subject is beyond the scope of this study.

## 4.2 Impact of Development Assistance to the Forest Sector

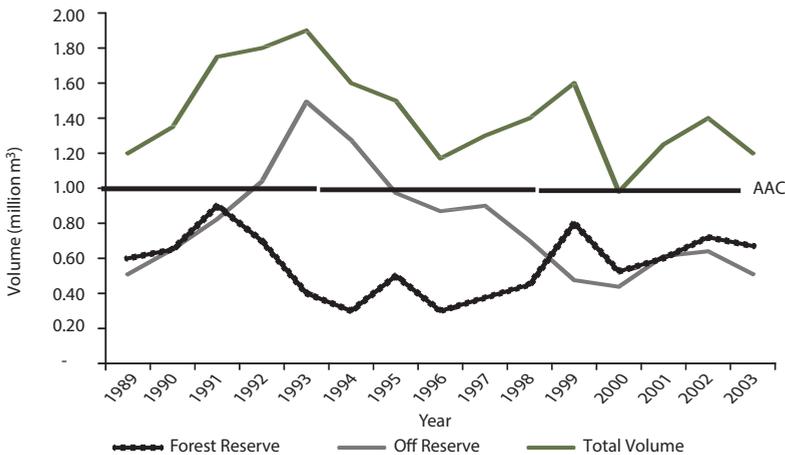
### 4.2.1 Development Assistance and the Forest Resource Base

In recognition of the important role of the forest sector in the national economy and its contribution to poverty alleviation, Ghana has continuously received assistance from various development partners for natural resource management in the last 20 years through the FRMP, NRMP, NREG and other projects.

Notwithstanding the huge donor support (over US\$ 643 million) to the forest sector in the past 2 decades, the forest resource base continues to be degraded and depleted. Between 1990 and 2010, Ghana lost almost 34 percent of its forest cover, representing about 2.5 million hectares (FRA, 2010). This corresponds to an annual deforestation rate of approximately 2 percent. Internationally, this makes Ghana one of the countries with the highest net deforestation rates (FAO, 2006). Accordingly, the total growing stock in Ghana's forests has decreased from 423 million m<sup>3</sup> in 1990 to 291 million m<sup>3</sup> in 2010 (FRA, 2010). Several factors have accounted for the degradation and depletion associated with Ghana's forest resources. These factors have been discussed extensively by several authors including Treue, 2001, Hansen and Treue, 2008, Hansen *et al.*, 2009, Marfo, 2010. Furthermore, in the 1980s favorable donor support credit schemes allowed the timber industry in Ghana to increase their log processing capacity to about 5 million m<sup>3</sup> annually, which is five times the then annual allowable cut of 1 million m<sup>3</sup> (Treue 2001, Birikorang *et al.* 2001). The huge increase in the industry installed capacity undermined the timber resource base of the forest.

Under the FRMP, conservation and tree planting on farms were encouraged but issues relating to the ownership of trees on farms were not adequately addressed. In addition, a number of management plans and policies had been

put in place with support from development partners. However, a key outcome of past management and planning in the forest sector was a decreasing forest resource base. Both forest reserve and off-reserve forests continue to be overexploited and degraded. With the objective of sustaining the productive capacity of forests, timber harvesting in Ghana allowable cut (AAC). Until 2004, the AAC was 1.0 million m<sup>3</sup> (0.5 million m<sup>3</sup> each for on-and-off-reserves), but actual timber harvests exceeded this amount. With the exception of 2000, total official recorded timber harvests between 1989 and 2003 had always been above the then AAC of 1.0 million m<sup>3</sup> (figure 5).



**Figure 5: On and off- reserve recorded timber harvest (1989 to 2003)**

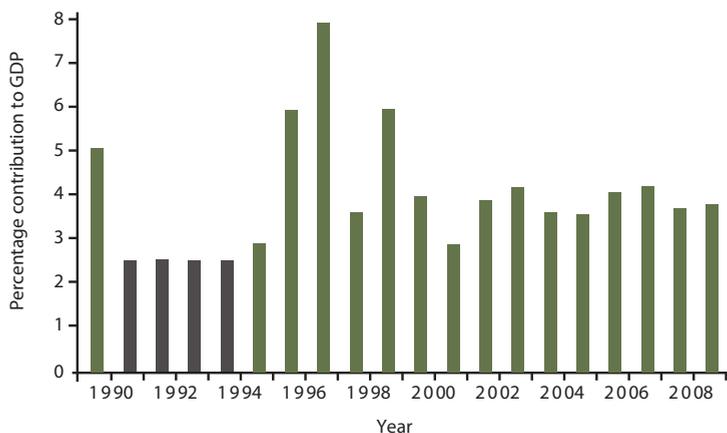
The current AAC is 2.0 million m<sup>3</sup>, i.e. 1.5 million m<sup>3</sup> and 0.5 million m<sup>3</sup> from the off – reserves and forest reserves respectively. The off-reserve AAC was set high due to the desire to salvage timber trees before they were lost to the extensive illegal exploitation and conversion of forest to agriculture and other land-uses like mining. It was therefore not based on the production capacity of the area. Even so, current total timber harvest, estimated at 3.3 to 3.7 million m<sup>3</sup> (Hansen and Treue, 2008), continues to exceed the AAC. In addition, it is presently estimated that the total on – reserve harvest may well approach 2.0 million m<sup>3</sup> annually of which at least 1.5 million m<sup>3</sup> is illegal (Hansen and Treue, 2008). This is alarming, and has severely affected the resource base in the forest reserves. Thus, Hansen and Treue (2008) conclude that, in principle, forest management regulations established during the mid 1990s *with the support from development partners*<sup>6</sup> have not worked in practice.

6 Italics is ours

In order to address the issue of timber decline in the forests, the government of Ghana identified plantation development as one of the important strategies required to meet the demand for timber. In 2001, the government initiated a national forest plantation development programme, which aimed at a planting target of 20,000 ha per annum, in the degraded forest reserves (FC, 2007). In addition, there are some tree plantations in off-reserves that have been established mainly by NGOs with donor funding. These are promising developments with respect to increasing the timber resource base. Further more, some development partners have partnered the government to establish about 14,000 ha of plantations in on – and off-reserve forest areas.

#### 4.2.2 Development Assistance and Forest Sector Contribution to GDP

The trend of forest sector’s contribution to GDP in the last twenty years have varied (figure 6). In general, there has been a decline of the sector’s contribution to GDP from 1997-2009. In 1990 the forest sector contributed 5.1 percent, and by 1997 which marked the concluding stages of the FRMP , the sector’s contribution rose to 8 percent representing the highest contribution between 1990-2009. However in 2008 when NRMP was ending, the sector’s contribution had declined to 3.8 percent.



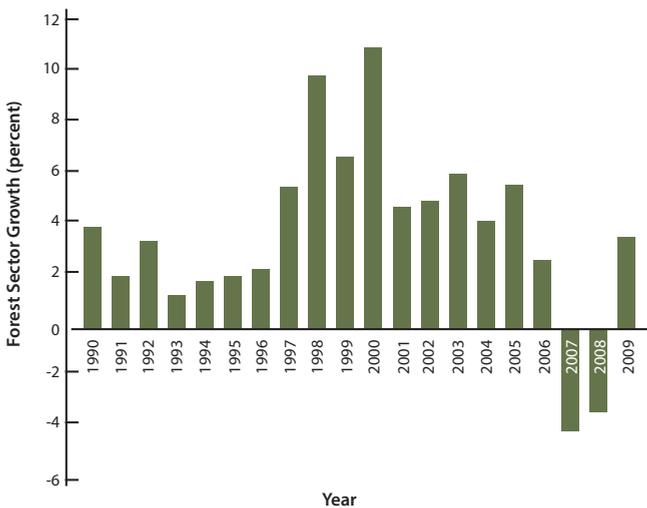
**Figure 6:** Forest sector contribution to GDP (1990 to 2009).

**NB:** yearly figures for 1991, 1992, 1993 and 1994 were not available. However, the average GDP for the same period is 2.5%. *Source: various budget statements; Ghana Statistical Service, 2010b.*

In terms of growth rates of GDP, the sector recorded a low percentage growth of less than 6 percent between 1990-1996, but increased sharply to a peak of 11 percent in 2000 (Various budget statements: 1999-2009). Thereafter the growth rate declined to 2.6 percent in 2006 (figure 7).

In 2010, the base year for calculating the GDP was changed from the year 1993 to year 2006. This led to changes in the size of the GDP, growth rates, sectoral contributions and all related indicators that use the GDP. The most significant features of the rebased series were a 60.3 percent increase in the size of the GDP in the base year 2006, and the services sector being the largest contributor to the GDP. Owing to a change in the base year of national account estimates, the forest sector saw a negative growth rate of GDP of 4 percent and 3.3 percent in 2007 and 2008 respectively<sup>7</sup> (Ghana Statistical Services, 2010a)

The low GDP growth rate of the forest sector between 1990 and 1996 corresponds to the period of the FRMP implementation. Development assistance in the past 2 decades have not focused mainly on the actual development of the forest resource base.



**Figure 7: Percentage growth rate of GDP of the forest sector (1990 to 2009)**

Source: various budget statements; Ghana Statistical Service, 2010.

7 Before the change, forest sector growth was estimated at 2.5 percent and 3.5 percent in 2007 and 2008 respectively. In principle, a change of base year in the national accounts implies (a) changing the price and quantity base for the individual price and quantity relatives, and (b) updating the weights used in aggregating the individual quantity relatives into sub-indices. At the same time, it serves to reconcile the different estimates of gross domestic product (GDP) and provides the occasion for methodological and conceptual reviews and improvements.

Additionally, the cost of forest resources degradation to the Ghanaian economy is much higher than the assistance received from development partners in the forest sector. Between 1989 and 2009, the forest sector has received an annual average of about US\$ 32 million (in 2009 dollar value) in support of development of the sector. On the other hand, the cost of environmental degradation in the major natural resource sectors is estimated at 5-10 percent of GDP. The forest sector accounts for 63 percent of this cost representing about US\$ 500 million (Birikorang et al, 2007) or over 1,462 percent of the average annual receipt from development partners. This indicates that the losses to the nation incurred from forest degradation is way above what the sector earns from its income from the formal industry as well as the resources sunk in by the development partners. A more critical focus is needed to curb issues of forest degradation.

### **4.2.3 Development Assistance and Forest Sector Institutional and Policy Reforms**

Ghana's development partners (DPs) have played important roles in reforming the policy and institutional frameworks through legislative changes in the sector. For example, there were two forestry related Acts that focused on sector strengthening and plantation development by the private sector and rural communities. Also, two amendments of legislative instruments relating to competitive bidding in timber resources allocation and social responsibility agreements between communities and timber contractors were effected. These policy and legislative changes which were accompanied by institutional capacity building and reforms led to increased revenues collection in the sector. The management capacity within the Ministry of Lands and Natural Resources (MLNR) and the Forestry Commission have also been strengthened to carry out policy formulation.

Development assistance to the forest sector has strengthened research and training capacity through support to the Forestry Research Institute of Ghana (FORIG) and the Faculty of Renewable Natural Resources (FRNR) of the Kwame Nkrumah University of Science and Technology. The FRNR has been the centre for training of human resource for the sector. FRNR is responsible for training both graduates and lower level technical expertise. With respect to training in policy, there is some exposure of the FRNR products (mostly undergrads) to policy science. This training, however, does not make the expected impact as these mostly enter in at the lower echelons of forest administration in the sector (Beeko, 2009).

With respect to research and development, FORIG is set-up under the Council for Scientific and Industrial Research (CSIR) to meet the research needs of the forestry sector. Research direction has been leaning more towards funding opportunities. This is attributable to the meagre resources that government provides to FORIG for research. Large portion of funds received from government goes into the payment of salaries and not actual research. In addition to the human resource capacity development, DPs have contributed immensely to the infrastructural development at FORIG and FC.

#### **4.2.4 Assistance for Non-State Actor Capacity Building and Multi Stakeholder Dialogue**

In terms of capacity building it is recognized that a strong civil society and an active private sector are central to successful sector reforms and sustainable management of natural resources. Under the NREG programme, funds have been earmarked for supporting non-state actor capacity building and interventions in the sector. Furthermore, coordination among the DPs has improved significantly following the move to sector budget support and the establishment of the Environment and Natural Resource Management (ENRM) Group of Development Partners. The group aims to help institutionalize a dialogue on natural resource management issues, improve harmonization, and jointly monitor policy reforms in the forest sector (World Bank, 2006).

Currently there is much emphasis on multi-stakeholder dialogue (MSD) approach as an effective tool in addressing sensitive core issues including policy options in the forest sector (Marfo, 2010). With support from DPs, two major activities in the sector have utilised the MSD approach. First, the VPA process in Ghana has adopted a multi-stakeholder dialogue approach. Through this approach, it is addressing the legality assurance system, timber procurement policies, and regularization of the supply of legal timber to the domestic market, among other topics. Second, the Chainsaw milling project sponsored by the EU (see section 3.3) has also recognised the need for adopting a multi-stakeholder dialogue approach in major policy decisions. Under this project, MSD approach have been the basis of discussions on supplying the domestic market with legal timber on a sustainable basis and developing alternatives for illegal chainsaw milling in Ghana.

## 5.0 Discussion and Conclusion

The objective of the national forest and wildlife policy is to ensure sustained supply of benefits that accrue from the resource to all segments of society. Implied in this objective is the preservation of the integrity of the resource at a level that guarantees the quality of life for forest dependent communities. This objective has remained an underlying driver for all development assistance received over the years. Perhaps this objective should provide the primary focus for the assessment of not only development assistance but sector performance as a whole. Access to and flow of resource benefits to the communities to the extent that livelihoods are improved continues to be a subject of concern in government development strategy papers. This also finds its locus at the global level in the millennium development goals. Indices that count in the assessment of government performance, as a whole, and individual sectors of the economy in particular have focused heavily on gains that are made to improve livelihoods. Forestry presents a useful case scenario as a sector since its development activities can be immediately linked to these goals. The contribution of development assistance to the sector is discussed mostly along these lines.

The state of forestry today, after more than two decades of development intervention by aid agencies, is very different from what pertained prior to the intervention. J. H. Francois<sup>8</sup> is said to have once remarked that “from an abysmally low level of nothing, something has now trickled in”. This was in a response to an enquiry on government budgetary allocation to the then Forestry Department. The forestry institutions will, today, not be forgiven if they were to venture such a statement. There has been a constant flow of resources to build both the human capital and the logistical capacity. There is an impressive cadre of educated professionals, a good number now with second degrees as well as a growing number with advanced degrees. There is now a fair amount of logistics for mobility around the country. One may quickly add though that as far as logistics goes, the optimum has yet to be attained. This notwithstanding, the forestry sector can arguably be said to be one of the best resourced sectors both in human capital and logistics in Ghana. There are clear signs of a long term development partnership with aid agencies.

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8 J. H. Francois was the longest serving Chief Conservator of Forests in Ghana, serving for over two decades.

Legislative reform processes that give a better structure to law enforcement and the overall governance regime have been implemented. Subsequently, legislation covers practically every aspect of forest management although in some cases the proliferation of legislation has led to inconsistencies as noted in the voluntary partnership agreement between Ghana and the EU (Ghana/ EC VPA, 2009). The assessment of the resource through scientific inventories has provided a basis for setting sustainable extraction levels. As a result of this, Ghana is touted to have established one of the best forest management regimes in this part of the world.

The story of Ghana's forest sector development cannot be complete without a mention of the growth in multi-stakeholder involvement in policy making as well as forest management. Development assistance has nurtured this growth through successive programmes. Not only is the presence of civil society organizations visible in the forest sector but their contributions have been well acknowledged in the recent past. The VPA consensus and negotiation process is a case in point.

Notwithstanding the glaring and remarkable changes that have been witnessed in the sector in the last twenty years there still remains a paradox. It is still commonplace to hear statements that allude to the fact that "there has been a financing of deforestation through development assistance". While this school of thought does not directly refer to any particular dispensation in development assistance, the era of the Economic Recovery Programme (ERP) of 1983 to 1988 stands out as chief culprit. This was a period where there was the pursuit of a policy that expanded the installed capacity of the wood industry. The rationale of this policy was to increase the forest sector contribution to economy through increasing the wood industry's foreign exchange earning capacity. This was of course, financed by credits from the World Bank.

Earlier studies have established that the high rate of exploitation and associated degradation is reversing the sector's contribution to GDP in real terms. The nation also loses hundreds of millions of dollars through environmental degradation and the huge increase in the industry installed capacity undermines the timber resource base. The inability of the sector to keep the lid on forest degradation therefore makes any discussion on its contribution to GDP difficult. The corollary is that the much touted management practices does not appear to have been enough in containing the consistent degradation in the forest resource base. There is clear evidence of a persisting challenge to law enforcement in the forest sector. This is accentuated by the rate of tree removals estimated by many studies to be in excess by at least 200% of the allowed

level. The eroding resource base presents less and less of an opportunity to communities who are dependent on the resource for their sustenance. While there is no current study that has analyzed trends in forest-dependent communities access to NTFPs for their livelihoods over the last 2 decades. It suffice to say that current environmental degradation has resulted in a progressive reduction of forest resources as safety nets for these communities' sustenance.

Perhaps the above is suggestive of a disconnect between development assistance and capacity building on one hand and governance and the sustainable management of the resource on the other. The Ghana forest sector presents a clear story of how development assistance that culminates in capacity building does not necessarily result in improved forest resource integrity and the concomitant improvement in the livelihoods of forest dependent communities. The challenge for the forward look is that with continuing and possibly increasing development assistance under REDD, what will be the dynamics to examine in order to make a difference. Without examining and solving the puzzle between development assistance, capacity building, governance and sustainable forest management, continued inflow of development aid is not likely to yield much result.

Another line of thought that may be worth examining is the now entrenched aid dependency syndrome where the budgetary planning cycle is intricately linked to donor inflows. This dependency syndrome appears to have given little room for innovation at both the sector and national level. The internal systems have little to show for self-financing mechanisms that have the capacity to develop and re-finance the sector. A system that would develop must of necessity have these self-financing and re-financing mechanisms as entrenched elements in its programmes.

One conclusion from the foregoing is that the anticipation of constant external inflows may be dimming the capacity of the system to innovative. This school of thought can also be linked to the thinking that development programmes have in the past, been tailored to meet certain development agendas of the donors. Even though these programmes could be argued to have followed the direction of a national policy development agenda, there was a level of skewing that sought to answer to priorities of the donors. The combination of a dimmed innovation at planning a self-financing development sector agenda and an albeit masked alignment to priorities of development partners could have provided some basis for the disorientation of the sector; a disorientation that can be said to be culpable for the current observable state of affairs.

The study shares in the opinion of other policy analysts who are of the view that policy analysis has a weak foundation in the sector (Victor Agyeman, Emmanuel Marfo, pers. com.). Beeko (2009) indicates that policy analysis has no real locus in the forest sector. He contends that besides the ad-hoc institutional review of policy instruments and the related recommendation/advice that follow such reviews, the sector lacks consistent and structured independent analytical input into policy; and that development partners are the significant players in this domain. It is therefore imperative that policy think-tanks as independent institutions are nurtured in the country. This may perhaps help to better inform long-term national priorities with development assistance.

Furthermore, the weak linkage between research and practice in the sector does not always allow for management decisions to be based on actual research outputs/findings. In many instances, managers and policy makers do not have access to quantitative insights into the long-term effects of their decisions and current trends. Research in this regard is lacking in the sector.

Notwithstanding the foregoing, it must be acknowledged that forests are a highly contested resource. On a daily basis, forests experience the imposition of demands from a myriad of interest groups. This multiple interest plays out in national (as well as international) level politicking which in turn tends to dilute rational decision making on the management of the resource. In seeking scientific solutions to the many issues enumerated above, there must be an incorporation of solutions that have a bearing on the debilitating intrusions from the political dimension.

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# Annexes

## Annex 1

Interest Rates of United States Dollars (USD) for a Period of 20 years

Year	Interest Rates (percent)
1989	9.34
1990	8.444
1991	6.347
1992	4.248
1993	3.691
1994	5.604
1995	6.231
1996	5.78
1997	6.062
1998	5.539
1999	6.866
2000	6.866
2001	3.832
2002	2.206
2003	1.356
2004	2.121
2005	4.033
2006	5.325
2007	5.124
2008	3.089
2009	1.559

**Source:** <http://www.global-rates.com/interest-rates/libor/libor.aspx>

## Annex 2

### Major Areas of the International Aid Architecture

According to Bräutigam (2010), the international aid architecture comprises four major areas: (1) Institutions and actors; (2) volumes and composition; (3) instruments and modalities, and (4) rules and standards/principles.

#### *i. Institutions and actors*

These comprise the players, i.e. bilateral and multilateral donors, non-governmental organisations, global funds, and private foundations, that provide assistance to developing countries, and the agencies within developing countries that receive the aid. It is estimated that more than 1,000 financing mechanisms currently exist in the global aid architecture (Kaul and Conceição, 2006; Hammad and Morton, 2009). The traditional bilateral donors have been joined by up to 18,000 international NGOs, and up to 233 multilateral agencies (Kharas, 2007).

#### *ii. Volume and composition*

While organisations make up the skeleton of the aid architecture, aid flows make up its circulatory system. The volume of aid and the sectors supported by aid change over time. Public commitments to change the volume of aid are another important element of the global aid system. The changing sectoral composition of aid, and specifically the proportion directed to social sectors, infrastructure, productive activities, or debt relief, fit in this central component of the aid architecture (Bräutigam, 2010).

#### *iii. Instruments and modalities*

Aid instruments and modalities comprise the ways in which aid is programmed and delivered. Concrete instruments of aid include projects and programmes, technical assistance, food aid, budget support, debt relief (for example, the Highly Indebted Poor Countries or HIPC programme), humanitarian assistance, and so on. Modalities for the use of aid include agreed codes of “best practice”, such as those embodied in the 2005 Paris Declaration on Aid Effectiveness, with its emphasis on ownership, harmonisation, alignment, results, and mutual accountability. Modalities would also include practices such as the project cycle, the use of cost-benefit analysis and other methods of appraisal, the

application of conditionality or measures for greater selectivity. Economic and political conditions imposed on aid are a central feature of the aid architecture (Bräutigam, 2010).

#### ***iv. Rules and standards/principles***

The rules and standards or principles of aid concern five major areas namely:

- a) definition of aid
- b) aid targets: how much aid should be given
- c) purpose of aid: what is aid's goal and what should aid be used for in/by recipient countries
- d) modalities of aid: in what form should aid be given (e.g., types of aid, terms), and
- e) aid management: roles and responsibilities of donors and recipients (e.g., the aid effectiveness agenda: coordination, alignment, and harmonization).

Growing Forest Partnerships (GFP) is an initiative that helps develop and support networks of people and organisations at local, national and international levels towards the equitable and sustainable management of forestry resources. The GFP initiative is funded by the World Bank, and currently involves the International Union for the Conservation of Nature (IUCN), the International Institute for Environment and Development (IIED), the Food and Agricultural Organization (FAO) and a series of local partners in Ghana, Guatemala, Liberia, Mozambique and Nepal.

[www.growingforestpartnerships.org](http://www.growingforestpartnerships.org)

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