

M&E SUPPORT TO PLANNING AND BUDGET IN GHANA

Introduction

The need for monitoring & evaluating the impact of the government policies through the implementation of programs and projects has become even more critical as Ghana searches for ways to maximise the use of its limited resources. Policy makers are increasingly looking for evidence to support decisions and to evaluate the impact of resources utilised.

Monitoring the performance of public programs and institutions helps increase their effectiveness, provides increased accountability and transparency in how public monies are used, inform the budgetary process and the allocation of public resources, thus improving their effectiveness to improve welfare and, consequently, reduce poverty and increase the equality of opportunities. In particular, the government seeks to use the results obtained through the M&E system to improve resource allocation, assist in the formulation of the National Development Plan (GPRS II), and provide information for debate on public policies.

National Development Document

Then came the Ghana Poverty Reduction Strategy (**GPRS I from 2003-2005**), which is the operational document that supports the government's development plan. The GPRS I (2003-2005), reflected a policy framework that was directed primarily towards the attainment of the anti-poverty objectives including that of the UN's Millennium Development Goals (MDGs). Currently, the national development document, Growth and Poverty Reduction Strategy **GPRS II (2006-2009)**, is intended to introduce a shift of strategic focus, with an emphasis on the implementation of growth-inducing policies and programmes, which has the potential to support wealth creation and sustainable poverty reduction.

The National M&E System

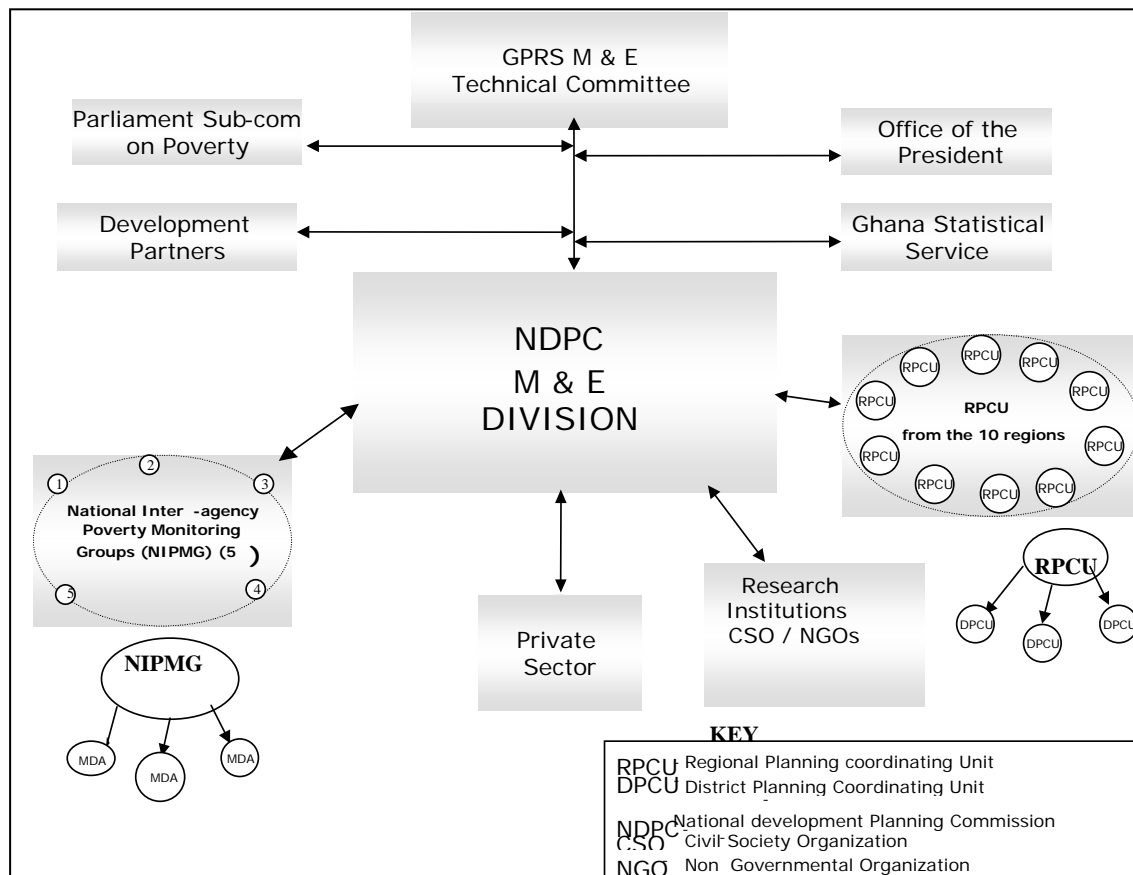
The National Development Planning Commission (NDPC) in Ghana is the institution mandated by Ghana's Constitution to guide the formulation of Development Plans and to undertake the Monitoring and Evaluation of the country's developmental effort. The NDPC then advises the President and Parliament (on request) on the performance of public policy and programmes, their outcomes/ impacts, and on the need for policy reforms. In this regard, the NDPC has adopted the Results-based Monitoring and Evaluation System (RBME) and results-based budgeting.

In Ghana, the RBME System focuses on observing the results directly from program/project outputs. The system recognizes the entire results chain from inputs-outputs-outcomes and impacts indicators. In this system the results refers to those changes that can be attributed to specific program/ project. Thus, only where a causal link can be made is the observed change attributable to the program/ project. It has been observed that as the program/ project analysis improves towards outcomes and impacts, the attribution gap widens to the extent that the observed changes cannot be attributed only to the program/project output.

It is this linking of implementation progress with the assessment of results in achieving the desired objectives or results of government policies and programs that make RBME System most useful as a tool for public management. Implementing this type of M&E System allows the sectors/ key stakeholders to modify and make adjustments to the implementation processes in order to more directly support the achievement of desired outcomes and objectives. Thus a well design M&E process ensures that those that are not working well will benefit from corrective action during the mid-year performance review.

Institutional Framework-Technical Committee

The M&E institutional arrangements have been designed to facilitate active participation of stakeholders to ensure that policy recommendations are relevant and actually contribute to policy formulation and resource allocation that are geared toward the reduction of poverty and wealth creation.



Although stakeholder interest in the M&E process is deepening, a number of shortcomings need to be addressed at the national, regional and district levels to upgrade competencies in assessing the effects of policies being implemented under the GPRS.

The M&E Technical Committee is made up of key stakeholders including; NDPC, Ministry of Finance and Economic Planning (MOFEP), Ghana Statistical Service (GSS), Ministry of Local Government, Rural Development and Environment (MLGRDE), Parliament, Civil Society Organizations, Development Partners and the Private Sector Organizations. The Technical Committee has since been established to:

- Promote greater coordination and harmonization of M&E activities among Central Management Agencies (CMAs) (i.e. NDPC, OOP, MOFEP, MLGRD, GSS, Ministry of Women and Children' Affairs (MOWAC), and Office of the Head of Civil Service (OHCS).
- Ensure better information flows to improve GPRS monitoring and evaluation system
- Strengthen the capacity of key CMAs/Ministries Departments and Agencies (MDAs) to generate, analyze and disseminate M&E information.
- Improve communication across all levels of government and the wider stakeholder community about M&E processes by addressing the systemic deficiencies in M&E data collection and information flows.

The Ghana Statistical Service (GSS) also produces key data for the monitoring and evaluation of the Ghana Poverty Reduction Strategy (GPRS). This data, mainly at the level of outcome and impact indicators, is generated from population and housing censuses and household based sample surveys. Its capacity to measure qualitative indicators is also improving through experience gained in conducting special household surveys.

Formal monitoring and evaluation units also exist in nearly every Ministry, as well as in the Office of the President. The Policy Coordination, Monitoring and Evaluation Unit (**PCMEU**) of the **Office of the President**, provides the President and the Chief of Staff with the information to hold Ministries to account for their performance. In addition, there is also a growing M&E capacity among certain civil society organizations and non-governmental organizations.

Despite this existing capacity, there is room for improvement in overall M&E capabilities. There is a lack of more contemporary tracking and assessment techniques that involve participatory processes and focus on the qualitative aspects of institutional change. Current monitoring and evaluation processes also are often plagued by problems of subjectivity - most often, an organization is responsible for monitoring its own activities.

Poverty Monitoring Groups

The National Inter-Agency Poverty Monitoring Groups (NIPMGs), which are made up of Stakeholders from MDAs, DPs and CSOs at the national level, participate in the preparation of the Annual Progress Report. Consistent with the practices adopted in the previous years, the National and Regional Poverty Monitoring Groups are convened to review and validate selected indicators for tracking the progress of the GPRS implementation. Through the inter-agency monitoring process, members appreciate the urgent need to harmonize the data required to support the M&E process.

Meetings are held with the Regional Poverty Monitoring Groups (RPMGs) to assist in improving the regional level data collection process. However, District Poverty Monitoring Groups (DPMGs) are yet to be set up due to both managerial and financial resource constraints.

A meeting is also held with Chief Directors and Directors of Policy Planning, Monitoring and Evaluation Departments (PPMEDs) as part of the processes to strengthen the commitment of MDAs at a very senior level to the M&E process.

To strengthen further the institutional capacity at the sector and district levels and to ensure their effective linkages with the national system, guidelines have been issued to them to prepare Sector and District M&E Plans, measure their own results and prepare their own Annual Progress Reports, in order to create ownership, more participation, transparency and accountability. In addition the rationale is to replicate the M&E system at the national level for effective coordination and harmonization of results.

Linking Policy Planning to M&E

The policy cycle describes the process from analysis through the development of policies and programmes and back to analysis. To monitor and evaluate the policy cycle it is necessary to

- Define medium and long-term goals
- Establish indicators of progress
- Set annual, medium- and long-term targets
- “Are we following the steps set out and moving in the right direction?”
- “Have we reached objectives?”
- “Do we need to review objectives?”
- “How can we improve progress against objectives?”

The Role of M&E in GPRS II

Achieving the purpose of M&E requires the process of cultural change within the MDAs, District Assemblies and their Development Partners, particularly, with respect to adhering to common timeframes for performance review and reporting to government. It also calls for a cultural change whereby information will be largely shared within government, where key information on performance is made public, and where debate and informed comments within government, the media and civil society is welcomed. It is important to note that M&E closes the loop from policy formulation and adoption, through budget prioritization, programme/ project formulation, and implementation and eventually to performance audit. The role of M&E therefore is to:

Provide information on whether a policy, program, or development strategy is being implemented as planned, and achieving its objectives

Improve development effectiveness:

- growth & poverty reduction goals, targets, and indicators

Strengthen performance orientation in public sector management:

- focus on results, (outputs and outcomes)

- build demand for accountable and effective use of public funds based on the indicators

Strengthen the impact of policies & programmes on poverty levels.

The Role of M&E in the Budget

A Budget is a document that shows the receipt and payments of the government for the immediate past year and the projections of receipts and payments for the coming year. In Ghana, the budget refers to the Government's Budget Statement and Economic Policy document. This document does not only contain the receipts and payments, but also the economic policies and policy initiatives of the government.

The Role of M&E in the Budget is to support policy advice and planning, performance review, budget decision making, preparation of supplementary budget and reporting in the budget statement. It also requires reporting Government output and sector performance budgeting and the use of policy recommendations from APRs

Composition of the National Budget

The national budget has three main parts. These parts report on;

- The economic and sectoral performance in the previous year;
- Macroeconomic programme and expenditure allocation for the medium term; and
- Policy initiatives of the government for the ensuing year

All the three main parts above, stress on optimal resource mobilization (Receipts) and efficient expenditure allocation (Payments).

Monitoring the Budget

This stage involves ensuring that Funds have been spent and outputs produced according to the Plan and Budget and Revenues are collected as planned. Problems/constraints in budget implementation (expenditure and revenues, both domestic and foreign) are identified and solutions developed to address the problems in the next quarter. This helps MDAs to identify how well they are performing in the implementation of their agreed activities. In addition to the reporting of expenditures, outputs monitoring is to assess progress in the production of key **MDA outputs**.

It must be mentioned here that the MTEF process has a greater weight on budget preparation than implementation and accounting as the BPEMS component of PUFMARP addresses the accounting and implementation aspect. However, because BPEMS is not fully on board the MTEF addresses some of these issues. Until BPEMS is fully on board, MDAs (through their Budget Committees) will be expected to prepare quarterly expenditure reports that set out:

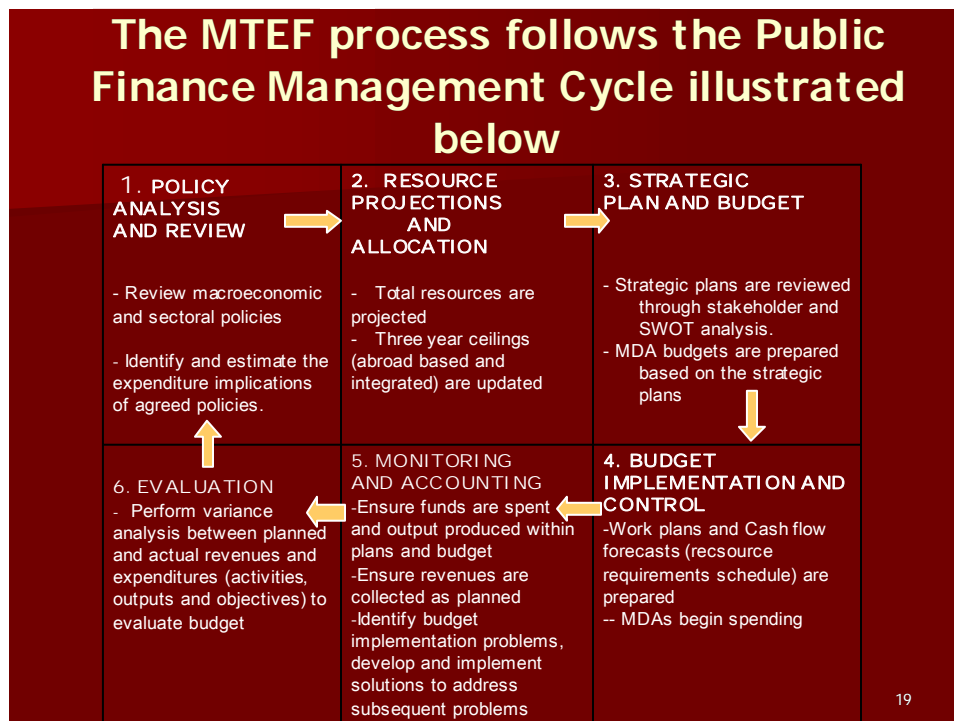
- Actual expenditures against planned expenditures for both GOG and donor funds
- Variations between planned and actual expenditures
- Reasons for variations
- Solutions to any implementation constraints identified

Fiscal Policy Monitoring

The Ministry of Finance continues to monitor and evaluate the impact of fiscal policy on sectoral performance of MDAs and District Assemblies to ensure that budgetary allocations are used to fund activities that lead to the realization of sectoral targets. The Ministry also examines the impact of the fiscal policy on sector growth, tracks the growth rates of the sectors and establishes a link with the GSS to ensure accurate and reliable statistics are reported for future policy formulation.

MOFEP has strengthened the capacity of the Public Expenditure Unit to track releases for the timely implementation of all government and donor funded projects as well as ensuring that expenditures are consistent with budget estimates and growth targets. To buttress this effort the Controller and Accountant General's Department has established Financial Monitoring Units at the national and regional levels to ensure efficient and effective fiscal decentralization.

To strengthen the formulation of standards that will drive government performance, the Budget Implementation Team Division of the MOFEP and the PPMEDs of MDAs will undergo training to deepen their specialization skills to monitor and evaluate Results-Based Decision Making.



Objective of Medium Term Expenditure Framework (MTEF)

MTEF is one of the eight main components of PUFMARP (Public Financial Management Reform Programme). Other components of PUFMARP include BPEMS (Budgeting and Public Expenditure Management Systems), Fiscal Decentralization (FD), Comprehensive

Auditing, Revenue Management, Cash Management and IT Strategy. The MTEF is a prioritized, broad based, integrated, multi-year budget preparation process backed by Strategic Plans.

The main objective of the MTEF is to improve the planning and budgeting of public expenditures and thus contribute to strengthened fiscal policy formulation and implementation. Thus the purpose of MTEF is to ensure that scarce resources are deployed to achieve Government objectives in the most effective manner. Specifically MTEF seeks to ensure aggregate fiscal discipline; efficient resource allocation and resource use based on strategic priorities; and efficiency and effectiveness of programmes and service delivery.

Implementation Plans for GPRS II

The policy intervention outlined in GPRS II is implemented by the MDAs through the national budget. Programmes and projects implemented by the MDAs must necessarily relate to a specific GPRS II policy objective. Within this framework, MDAs define the activities to be undertaken in order to realize the objectives set in the GPRS policy framework.

This arrangement ensures that all the MDAs budgetary inputs are aligned with corresponding GPRS II policy objectives. Commencing 2006 budget year, each MDAs is given an advisory note prior to the submission of the respective budgetary inputs to the MOFEP, outlining what their respective commitments are under the GPRS II. This is expected to inform them of the activities to budget for.

The implementation of the policies and strategies outlined in the GPRS II by MDAs are expected to manifest itself in the outputs and outcomes of the programmes and projects. These will be monitored using the **GPRS core national indicators and targets** which have just been agreed upon by the major stakeholders. In all 120 priority indicators have been identified for monitoring and evaluation,

Core National Indicators

The linkages between the strategic goals and objectives of the MTDP and the results-based monitoring and evaluation system are critical. One of the critical steps in designing and conducting an M&E system is selecting the most appropriate indicators and setting targets for such indicators. In all 120 priority indicators have been identified for monitoring and evaluation, including 43 for private sector competitiveness, 35 for human resource development and 42 for good governance and civic responsibility; but their success is marked by measurable contributions to outcomes. The progress towards the attainment of the targets, along side the MDGs indicators will be reported in the annual progress reports.

All major stakeholders are encouraged to participate in the selection of thematic specific indicators. Participation tends to promote ownership of, and responsibility for the planned results and agreement on their achievement.

Database Management

In further support of strengthening Monitoring and Evaluation capacity and coordination at the national, regional and district levels, the National Development Planning Commission (NDPC) in collaboration with the Ghana Statistical Service (GSS) launched the GhanaInfo Database system in 2005. Senior M&E staff of MDAs, some researchers and staff of selected United National Agencies have also been trained in the use of this tool. A programme to roll-out the GhanaInfo to the regions and the districts has also been prepared for implementation in 2007.

Data Collection and Reporting

Data collection instruments focus on three main issues. These are:

- Indicator and Target achievements
- Resource Disbursement and Utilization
- Progress on implementation achievements and constraints

Consistent with the methodology used in compiling the previous APRs, data collection and reporting is conducted in a consultative and participatory manner, through the involvement of the National Inter-Agency Poverty Monitoring Groups (NIPMG) and Regional Poverty Monitoring Groups. A special session is also held with Chief Directors and Directors of PPMEDs to enhance the commitment of the MDAs at the very senior level to the APR process and not only to facilitate data collection, but also analysis, validation and the policy recommendation processes.

A number of the challenges to data collection identified in the APR include:

- Differences in reporting cycles of the various MDAs;
- Inadequate commitment on the part of the MDAs, RCCs and MMDAs to mainstream and institutionalize the GPRS M&E process into their annual work programmes;
- Inconsistencies in data capture formats adopted by the different regions and districts;
- Difficulties in harmonizing the different M&E needs of various stakeholders; and
- Inadequate resources for M&E at all levels.

Annual Progress Report (APR)

The Annual Progress Report (APR) has been used as the framework for reporting on progress towards the achievements of key national policy objectives, as well as the progress made towards the attainment of the GPRS. The Annual Progress Report (APR) of the GPRS provides a framework for the systematic review of the programme and project implementation and their impacts on the socio-economic development of the country for the year. The APR provides a platform for the monitoring and evaluation of the achievements of the GPRS targets as well as the outcomes and impacts of government policies through a set of indicators. The APR also identifies weaknesses that are likely to hinder the achievement of the goals and objectives of the GPRS and, proposes policy recommendations to help address the concerns.

With an increased awareness of the importance of the GPRS, it has been used to inform all key policy and budgetary decisions both at the national and the district levels. The GPRS now is at the core of the national planning process. The budget formulation process has been enhanced, through the linkage of the MTEF and the GPRS and the use of the Annual Progress Report as a major input in the preparation of the annual budget.

The APR builds on the experience gained from the formulation of the previous versions and provides an update on the set of core indicators agreed in the GPRS M&E plan including additional indicators identified during the implementation of the GPRS. In addition it reports on the linkage between the Annual Budget and the GPRS policy initiatives prioritized for action during the fiscal year; and an overview of the major sources of funding for the District Assemblies; the status of triggers and targets of the Poverty Reduction Support Credit (PRSC-4)/Multi Donor budget Support (MDBS initiatives; and the assessment of performance towards the attainment of the Millennium Development Goals (MDGs) are also included.

Relationship Between The Medium-Term Expenditure Framework Of The GPRS II And The Budget

MTEF which was expected to provide the link between the GPRS and the budget under the GPRS I had a major shortcoming in that while it provided a high level details, it did not aggregate spending into programmes, thus making it difficult to track the relationship with programme priorities as set out in the GPRS I.

To overcome this, NDPC and MOFEP have developed a mechanism under the GPRS II to ensure that all:

- MDAs objectives are properly aligned to the strategic objectives of the GPRS II
- The objectives of the current MTEF are properly aligned to the GPRS II (See the MTEF for illustration; source: MOFEP)
- Resources for financing expenditures associated with the implementation of the growth and poverty reduction strategy are consolidated and rationally allocated

At the 2006 budget hearing, each MDAs was requested to demonstrate the extent to which her outputs are aligned to a specific objective of GPRS II. Programmes, which are not aligned to the GPRS II, do not receive funding through the national budget.

The Links between the GPRS and The 2005 Budget

The focus of macroeconomic policy in the 2005 budget statement was largely consistent with the macroeconomic framework of GPRS. The key policies outlined in the budget were designed to sustain the gains in macroeconomic stability to date and position the economy to support accelerated growth in subsequent years.

Under the 2005 Budget, a number of initiatives were undertaken to align the priority programmes and projects of MDAs to the policy objectives of GPRS. These included:

- the organisation of workshops designed to enhance the capacity of MDAs to effectively link their sector programmes and activities to those prioritised under the GPRS;
- requiring MDAs, not only to incorporate the GPRS policies into their sector plans but also to show evidence of progress made in achieving sector targets set in the GPRS as well as identified policy gaps to be implemented for the period up to 2005.

Through this process the allocation of discretionary public expenditures in the 2005 budget was largely influenced by the policies outlined in the GPRS. Consequently the policy of shifting expenditures from General Administration to support the Services and Investment category of Poverty Reduction expenditures was implemented. The Social Service Sector benefited significantly from these budgetary allocations, as expenditures for General Administration steadily declined over the period from 34% in 2001 to 13.47% in 2005.

Budgetary allocations to the Social Service Sector increased consistently over the period from 38.8% in 2004 to 37.4 in 2005. This trend has the potential to impact positively on the provision of social services (health and water and sanitation) for the vulnerable and excluded. It is noteworthy that 44.4 % of GoG budget is spent on the Social sector.

Although total poverty spending in 2005 was lower than planned in the Budget, the actual expenditures were higher in 2005 than in 2004. Poverty-reduction spending increased by about 34.8% in 2005.

GPRS Communication and Dissemination

A key mechanism for increasing the demand for the results of M&E is the quality of communication with stakeholders. Effective communication of the GPRS will ensure that as many Ghanaians as possible, especially the poor, are aware of how the GPRS benefits them, and its role in the national development. Across sectoral GPRS Communication Technical Committee has been established with membership drawn from Ministry of Information and National Orientation, Information Services Department, National Commission on Civic Education, National Median Commission and other strategic stakeholders.

The methodology adopted so far include:

- Training of Trainers to create awareness and the mechanisms for consultations and feedback in regions and districts.
- Sensitization Durbars for MDAs
- Regional dissemination
- Development and Printing of Simplified versions
- Radio discussions and Television Programmes
- Journalists and program managers from selected print media houses are also briefed on the GPRS and the APR.
- Launched the NDPC website: ndpc.gov.gh that contains some selected documents from NDPC and GSS.

A series of workshops to disseminate the GPRS and APRs have been conducted country-wide during the third quarter of 2005 for the purposes of:

- Promoting public awareness on the content of the APR.
- Obtaining feedback and assessing the impact of the progress made in the implementation of key policy and programme interventions in the five thematic areas of GPRS I
- Distributing copies of the APR to targeted stakeholders.
- Soliciting stakeholders support and sense of ownership
- Collecting data for the preparation of next Annual Progress Report.

The interaction among stakeholders on the results of the monitoring and evaluation is one of the key mechanisms NDPC employs to disseminate the findings contained in the APRs. Facilitators during the occasion adopt interactive approach with participants and discuss the extent to which the previous Annual Progress influences the annual budget.

EVALUATION

Within the GPRS II timeframe, evaluation will be undertaken selectively by sectors and districts to answer specific questions to guide decision-makers and/or programme managers, and to provide information on whether underlying theories and assumptions used in programme development were valid, what worked and what did not work and why. The rationale is to promote a flexible evaluation agenda, covering a diverse range of evaluations.

In Ghana, not much work is done on the evaluation part of the M&E. Consequently there is the need to create incentives to stimulate demand for evaluation from key policy institutions especially, in the public institutions thereby undermining accountability.

Currently, the development partners are supporting the evaluation of GPRS I. The terms of reference have been drawn to cover performance and impact assessment of all the thematic areas of the GPRS I including Monitoring and Evaluation. The evaluation exercise has been outsourced to selected consultants from the private sector and academia who are working in close collaboration with staff from NDPC and the line Ministries.

Participatory M&E

Lessons from the previous APRs indicate that there is the need to for empowering the citizenry to fully participate in the M&E process. Moreover, to complement the quantitative data obtained from the MDAs and to obtain further feedback on the impact of key government actions on the citizenry, a national citizens' survey was undertake. This initiative forms an important part of the annual GPRS monitoring process.

The survey methodology was based on Key Informant Interviews and Focus Group Discussions. The survey covered the key thematic areas of the GPRS, namely

Macroeconomic Stability, Production and Gainful employment, Human Resource Development and Basic Services, Governance and Vulnerability and Excluded.

The services, which were surveyed included: provision of safe drinking water, provision of adequate sanitation facilities, access to health services and access to primary education. The survey sought information on: access to facilities/services, usage of facilities/services, quality of services, adequacy of services, reliability of services, cost/affordability of services, responsiveness of service providers, overall satisfaction with services, and the impact of macroeconomic reforms on households' livelihoods.

The 2005 survey covered respondents drawn from 2100 households in all 10 regions of the country. The results of the survey indicate that over 50% of the households interviewed are of the view that their livelihood over the same period. In addition, over 81% of respondents were of the opinion that the improved macroeconomic environment in the country is yet to impact positively on their purchasing power and thus livelihoods.

Poverty and Social Impact Analysis

As part of the process of determining the impact of the socio-economic policies on the poor, poverty and social impact analysis (PSIA) studies are being undertaken. The PSIA's are targeted at various social issues aimed at analysing the distributional impact and outcome on the welfare of the poor as a result of new policy reforms. The findings of these studies aid evidence-based policymaking. The transparent conduct of these PSIA's and its results will stimulate and provoke public debate on policies.

The National Development Planning Commission (NDPC) with the support of Development Partners has commissioned five *Poverty & social impact analysis* (PSIA) studies to find out, ex-ante as well as post facto, the impacts of certain policy reforms carried out under the GPRS.

PSIA Technical Committees have been established made up of representatives from the various stakeholder organizations. The committees are providing support to the Researchers undertaking the studies. A Steering Committee, made up of Ministers and Heads of institutions, have oversight responsibility for the studies. The Steering Committee will also spearhead the effort to get recommendations from the studies implemented.

CONCLUSION

In conclusion, it is important to note that accountability and commitment by Ministers, Chief Directors, District Chief Executives and Coordinating Directors as well as other political appointees are critical for successful implementation, monitoring and evaluation of the Growth and Poverty Reduction Strategy. Managing for development results as outlined above is a sure way to guarantee good governance and accountability to the people of Ghana and credibility to the Government.

