

Country Systems and financing for climate change adaptation: **Perspective from Ghana**

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Outline

1. Defining Country Systems in Ghana
2. Trends in Strengthening and Using Country Systems in Ghana
3. Experience from Budget Support: Integrating Environment into Country Systems in Ghana
4. Current opportunities for Using Country Systems in light of financing for Climate Change Adaptation in Ghana



What do we mean by 'Country Systems' and 'Using Country Systems' in Ghana?

- **Country Systems include:**

- Public Financial Management,
- Procurement,
- Audit,
- Statistics,
- Monitoring and Evaluation,
- Social and Environmental Assessments
- And others, eg Management of Technical Assistance

- **Development Partners** use country systems when their funds, or services, are managed according to Ghana's procedures (Financial Administration Act) and implemented by the national government.

- **Budget Support** fulfills this criteria, but project assistance should also use country systems



Trends relating to Country Systems in Ghana

- **Development Partners Support** for Ghana's Public Financial Management and Procurement Reform Programmes
- There is **progress in the quality of Ghana's Systems** (PEFA, Survey on Monitoring the Paris Declaration)
- However, Development Partners continue to **bypass Ghana's Country Systems** with only 51% of all development assistance passing through PFM Systems and 56% using Ghana's Procurement Systems



How Much Aid uses Ghana's PFM Systems?

Majority of aid passes through some components of Ghana's Public Financial Management System but not others...

Stage of Budget	Percentage of Aid on Budget per component
On Plan	50% of external disbursements use national planning procedures
On Budget	External Disbursements included in 2007 Budget Statement 94% of Consultative Group data on disbursements
On Treasury	Less than 30% of external finance uses treasury procedures for budget execution
On Parliament	Parliament reviews of ex ante external allocations is maximum of 93% of total projected aid disbursements as reported by donors
On Accounting	50% of total aid resources are accounted for using national procedures
On Audit	50% of total aid resources accounted for using national procedures
On Report	93% of external aid resources captured in fiscal reports



Experience from Budget Support: Integrating Environment into Country Systems in Ghana

1. The Challenge of non Use of Country PFM Systems for the Environment:

“In 2005-06 alone, ten international agencies were supporting 28 separate projects implemented by the Environment Protection Agency. These projects have different reporting, contracting and procurement standards, all of which tie up human resources, duplicating government’s own systems”. (CDD-Ghana/ODI)

2. Using Country Systems has positive implications, namely:

- **reduces transaction costs** by reducing number of missions, reporting systems
- **reduces the financial pressure on environmental agencies** by increased discretionary funding
- **strengthens budgetary discipline within the Environmental Ministry**, as a result of oversight by the Ministry of Finance, so increasing national ownership over environmental spending priorities



Opportunities for Using Country Systems for Climate Change Adaptation in Ghana

- **Environment Sector Working Group** also allows for strong leadership from the Government of Ghana and better alignment of Development Partner actions with Government priorities on the Environment
- Using Country Systems for **Project Support (likely to increase with adaptation)** remains important and should be linked to the broad Government Policy on Environment
- Ensuring use of **Sector Budget Support** as much as possible
- Lessons from **SWAP** in Environment in Ghana
- Any **Technical Assistance aligned and co-ordinated** with Government Environmental Priorities



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