The Millennium Development Goals (MDGs) aimed to improve the lives of the world’s poorest people by 2015. Leaders of 189 countries signed the historic millennium declaration at the United Nations Millennium Summit in 2000. This Brief takes stock of progress made towards achieving MDG 8 in Ghana, and reflects on what needs to be done as we transition to the post-2015 Sustainable Development Goals (SDGs).

**PROGRESS**

**Development cooperation:** A central pillar of the “global partnership for development” envisaged in MDG 8 was active help in increasing developing countries’ access to official development assistance (ODA), including both aid and concessional loans, to help achieve all the MDGs. Between 2000 and 2014, ODA rose substantially, although falling short of the agreed UN target of 0.7% of wealthy countries’ gross national income (GNI). On average, the countries of the Development Assistance Committee (DAC) provided just 0.29% of GNI as ODA, and ODA from DAC countries to the least developed countries amounted to only about one-third of total ODA disbursed since 1990.

ODA has nevertheless made a significant contribution to national budgets. According to the 2008 MDG Report for Ghana, over the previous two decades, external financial support (both loans and grants) accounted for about 40% of Ghana’s annual budget for development projects and programmes. In monetary terms, annual inflows amounted to about US$560 million between 1990 and 2000, and about US$1,050 million between 2001 and 2008.

**Net ODA Inflows to Ghana in Nominal Terms and as % of GDP, 2006-2013**

![Graph showing Net ODA Inflows and Net ODA/GDP from 2006 to 2013.](image)

Source: 2015 MDG Report citing data from the World Bank

Following Ghana’s receipt of comprehensive debt relief and transition to lower middle income country (LMIC) status in 2010, aid inflows began to taper off. Nevertheless, given the country’s budget constraints in recent years, ODA continues to play an important role in funding programme delivery. For example, in a review of the 2014 education budget, the Integrated Social Development Center and UNICEF found that 96% of the Government of Ghana’s contribution (which accounted for 78% of funding for the education sector) went towards covering public sector wages and emoluments. The contribution of development partners, while small (4% of the total), was significant for funding programmes and infrastructure.

The scope the recipient country has to use ODA to address its most urgent needs is as important as the quantity of assistance it receives. In the early part of the MDG period Ghana faced significant challenges in managing incoming ODA as a result of fragmentation in aid inflows, and the provision of a high proportion of aid in the form of bilateral assistance and project and investment aid, rather than budget support.¹

Starting in 2003, Ghana prepared a series of medium-term national development policy frameworks to help structure the use of ODA. In line with the 2005 Paris Declaration on Aid Effectiveness, emphasis was placed on the Government taking the lead in organizing consultative group meetings, streamlining review missions, and organizing sector working groups to identify priority areas for support in monitoring progress. However, gathering adequate institutional data to track where assistance is going and assessing what impact it is having remains a challenge.

Following its attainment of LMIC status in 2010, Ghana formulated two key national policy documents with a view to improving development cooperation outcomes and undertaking a planned transition with its development partners: the Ghana Aid Policy and Strategy 2011–15 (revised to 2014–17) and Leveraging Partnership for Shared Growth and Development: Government of Ghana–Development Partners Compact 2012–22. With the same end in view, Ghana has increasingly moved towards greater reliance on mobilizing domestic resources and commercial borrowing.
Debt relief and sustainability: Several initiatives were introduced during the 1990s as a result of pressure on the international financial community to help debtor countries reduce their external debt burden to more sustainable levels and avoid their having to cut into social spending in order to service their debts. These included the Heavily Indebted Poor Countries (HIPC) initiative, launched in 1996, which promoted greater debt relief for countries pursuing a comprehensive poverty reduction strategy programme. This was supplemented in 2005 by the World Bank/IMF Multilateral Debt Relief Initiative (MDRI), which offered debt relief to a number of eligible countries. As of September 2015, 36 countries, including Ghana, had reached their completion points and had been able to benefit from full and irrevocable debt relief.

Ghana benefited from debt relief under the HIPC in 2004 when it met the requisite criteria and from the MRDI in 2006. According to Ghana’s MDG Report for 2006, its external debt had risen from US$3.4 billion in 1990 to about US$6.93 billion by the end of 2000, with the debt service ratio (measure of the cash flow available to pay current debt obligations on the principal and interest relative to its export earnings), rising from 7.8% to 22.3% over that decade. This rapid increase sent the ratio of net present value (the sum of short-term external debt plus the discounted sum of total debt service payments) of the external debt to fiscal revenue (money used to finance the activities of the public sector, i.e. taxes) to 557%, and the corresponding ratio to exports at 152% by the end of 2000. Interest payments on external and domestic debt rose in nominal terms by 110.8% and 70% respectively in 2000, with payments due to service the national debt far exceeding the total capital expenditure of the state. Comprehensive debt relief resulted in a sharp decline in Ghana’s debt burden, declining from about 107.5% and 24% in 2002 to 64.5% and below 10% respectively in 2006. This more sustainable level contributed significantly to freeing up resources for poverty reduction and development.

The transition from boom to decline in commodity prices, and the overall slowdown of global growth have weakened Ghana’s GDP growth and export performance, added to pressures on its exchange rate, and raised the cost of repaying external commercial loans. Ghana has taken a number of steps to address its fiscal and current account deficit and related debt issues, including raising revenues, slowing down the rise of public expenditures, reconfiguring the maturity profile of its debt, and entering into a three-year extended credit agreement with the IMF this year.

Growth in access to new technologies: Particular focus has been placed on improving access to information and communication technologies (ICTs), widely regarded as critical enablers for the MDGs. ICTs have been a key driver of growth in Ghana’s service sector, which now constitutes more than 50% of Ghana’s GDP. Growth in mobile phone networks and use of mobile broadband has been dramatic. Mobile phone subscription increased from about 1.26 per 100 inhabitants in 2001 to about 115 per 100 inhabitants in 2014, compared to 71.2 for Africa and 96.1 globally, putting Ghana above the average for Africa and the world. Access to the internet was extremely limited in 1995, but it had risen to 18.9% in 2014, close to average for Africa but less than half the global average which stood at 40.6%.

DRIVERS OF SUCCESS

The role of the Ghanaian Government: The national Government has taken active measures to improve development effectiveness through its medium-term national development policy frameworks, its policy programmes on aid policy and strategy, as well as other measures directly related to its development cooperation. It has also sought to establish the national economy on a sound base of domestic resource mobilization appropriate to its status as a LMIC.

The role of the UN: The UN has provided technical and project support on options to increase fiscal space for the MDGs as well as to assist government in enhancing the effective use of development assistance, and in realizing key principles of ownership, alignment, harmonization and mutual accountability as set out in the Paris Declaration. It has been a strong advocate of comprehensive debt relief, and provided support for the formulation of a country-led poverty reduction and development strategy in the context of the HIPC.

TRANSITIONING TO THE SDGs

MDG 8 focused significantly on the needs of the least developed countries. Until recently, there was not enough recognition of the vulnerabilities and financing needs of LMICs such as Ghana. These countries have significant infrastructural deficits and socio-economic disparities to tackle, as well as the need to ensure resilience and adaptation to climate change.

Many systemic issues affecting Ghana have been taken on board by SDG Goal 17 which aims to “Strengthen the Means of Implementation and Revitalize the Global Partnership for Sustainable Development”. Going forward, in line with the Finance for Development’s Addis Ababa Action Agenda and the issues outlined in the Mexico High Level Meeting Communiqué on development cooperation with MICs, UNDP will also focus its attention on the shared challenges that LMICs face, which may have serious implications for their ability to achieve the SDGs. Ghana has identified knowledge sharing on domestic resource mobilization as a key opportunity in this respect.