

What the Data Shows: US Foreign Assistance to Ghana (1955-2013)

The Data

For over 50 years USAID has been responsible for foreign aid reporting. All USG departments and agencies that fund or execute foreign assistance activities are subject to these reporting requirements and guidance. The USAID Foreign Aid Explorer is a database of all US foreign assistance funding from over 70 USG departments, agencies, and offices. This brief, provides a holistic snapshot of US Foreign Assistance to Ghana by tracking trends overtime and analyzing historical developments coupled with data broken down by sectors and agencies. All of the data analyzed is taken from the USAID Foreign Aid Explorer database.

There is a two year lag for the most recent complete year of data because foreign assistance data collection and reporting is approximately a yearlong process from when the fiscal year ends. In other words, this report remains focused on 2013 as it is the most recent completed data reporting.

Why the data matters to USAID and USAID/Ghana

Each year USAID, in partnership with other USG Agencies, undergoes the required reporting for fiscal year budgets, including but not limited to Operational Plans, Mission Resource Requests, Congressional Budget Justifications and Notifications. With all the reporting there is a tendency to lose a “whole picture” approach to US Foreign Assistance overall to Ghana. As we begin plans for our next Country Development Cooperation Strategy, it is important to understand US Foreign Assistance levels and the various agencies implementing across the USG. This will be the first in a series on foreign assistance to Ghana. This installment will focus largely on history of US Assistance to the country.

US Assistance to Ghana 1955-2013

The US began to provide foreign aid to sub-Saharan African countries after World War II; the range and level of assistance

rose sharply as the colonial era came to an end and more independent nations emerged during the late 1950s and early 1960s. The enthusiasm within the Kennedy administration for African independence and development, combined with concerns in Washington about a possible expansion of Soviet influence in the region, contributed to a temporary peak in the flow in 1962. The most in this period going to the Republic of the Congo, Nigeria, Ghana, Liberia, and Ethiopia-which received over 60 percent of US bilateral aid to the sub-Saharan region between 1961 and 1965. In addition, Congress passed the Foreign Assistance Act, creating USAID in 1961. The chart pictured on this page shows that first initial spike in foreign assistance to nearly 400 million real US dollars.

By the mid 1960s Ghana encountered major economic crises

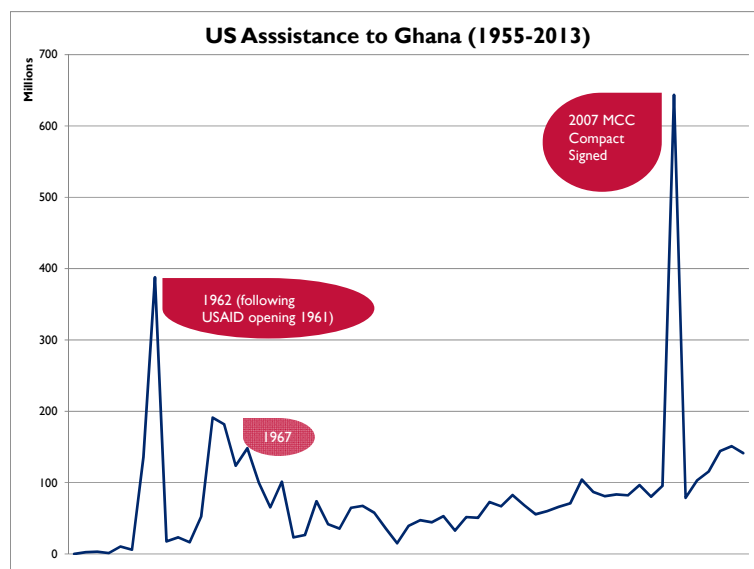
which disturbed economic growth and development in the country. As a result, the government had to turn to the West, especially the US to enable the government to continue with its industrialization and also enable the importation of essential commodities into the country.

After the initial spike in 1962 and 1967 levels decreased dramatically for Ghana. Also, for the remainder of the 1960s and the first half of the 1970s, overall US aid to Africa remained modest, varying

between \$250 million and \$325 million per year.

By the middle of the 1970s, US foreign assistance funding was further stimulated by a revival of Cold War concerns. And after the Reagan administration came to power in 1981, aid to Africa climbed yet further, reaching an all-time peak in 1985.

From 1966-1981, the economic history of Ghana can be described as the most turbulent era in the development of the country. This period was characterized by political instability with seven changes in the political leadership of which five were military leaderships. The political instability significantly affected economic development and donor aid allocation to the country. Aid levels for Ghana rose slightly in the period

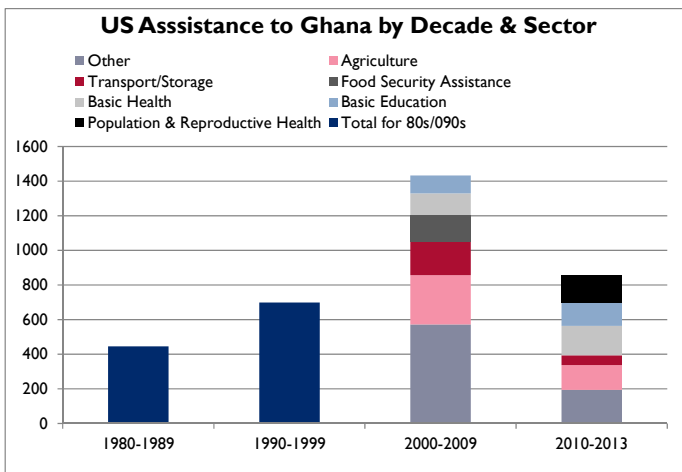


with the emergence of a democratically elected government in 1979, but declined again after the 1981 coup.

The mid 1980s begins a downward trend in aid spending for the US, which continued through end of the Cold War. As a result of downsizing, USAID capacity suffers a steep decline.

Despite low US levels, starting in 1985, Ghana experienced a clear and sustained increase in aid flows as donors' perceived greater commitment by government to better economic management and economic reform in Ghana. During this period, Ghana began the Economic Recovery Program (ERP) in which the government pursued macro-economic stability, anticorruption and financial transparency from 1987 through 1990, followed by democracy and governance reforms. Most of this was through assistance from the IMF and the World Bank.

Using Foreign Aid data we can see the constant US dollar levels of foreign assistance increasing since 1980 at large rate, nearly doubling per decade. Cumulative and consistent annual levels of US foreign aid increased dramatically in in the 90s.



In the late 1990s, the pursuit of democratic governance endeared Ghana to the aid community. At the turn of the millennium, a number of factors reinforced donors' enthusiasm. These included the successful transfer of power from one elected government to the other in 2000, the new government's commitment to the rule of law and democratic governance and poverty reduction. On an international scale early 2000s meant the introduction of the Millennium Development Goals (MDGs). Ghana mainstreamed the MDGs into the country's national development policy framework, the Ghana Poverty Reduction Strategies (GPRS I) which span between 2003 and 2005 and Ghana Poverty Reduction Strategy (GPRS II) 2006-2009. The GPRS I focused on the

macroeconomic stability of the Ghanaian economy, economic growth and employment, human resource development, provision of basic services to all Ghanaians, inclusivity and good governance.

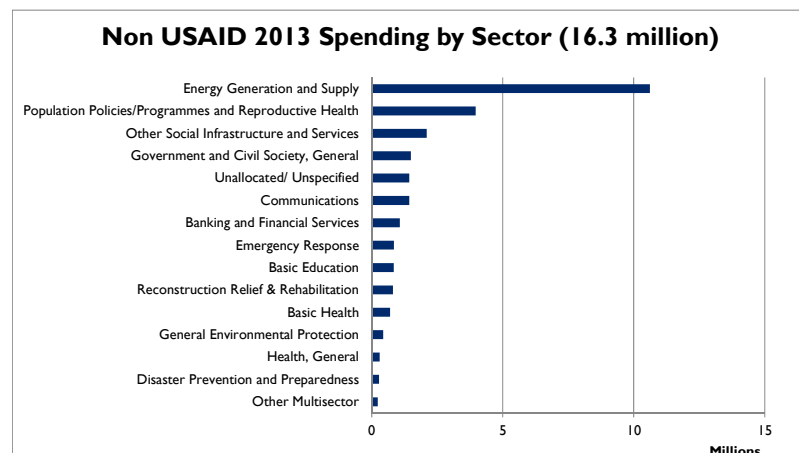
Also, in the 2000s the US introduced the President's Emergency Plan for AIDS Relief (PEPFAR) in 2003 and renewed in 2008 and the creation of the Millennium Challenge Corporation (MCC) in 2004, followed by the compact signing with Ghana in 2007. With key initiatives in poverty reduction and the introduction of the MCC, the Assistance by Decade chart shows the percentage of US foreign assistance dollars attributed to agriculture (20 percent), basic health (9 percent) and transport (13 percent).

Whole of government

With Foreign Aid Data, we can also see the shifts and diversity in US agency participation in Ghana programming in the past four decades. As the table demonstrates a large proportion of the work done by the US in the 80s was through Foreign

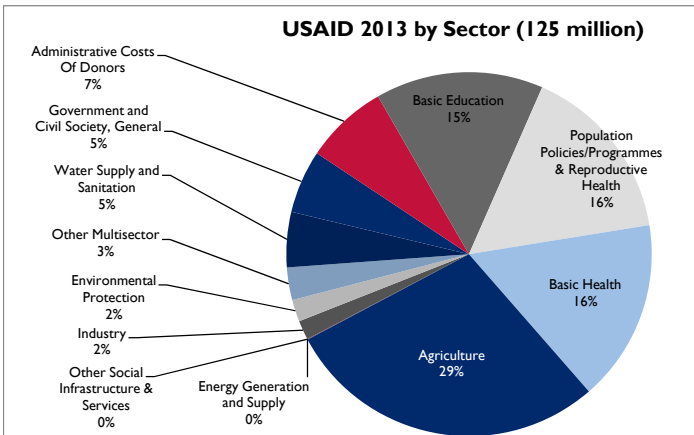
Agency	1980-1989	1990-1999	2000-2009	2010-2013
African Development Foundation	0%	1%	1%	0%
Department of Agriculture	72%	7%	1%	0%
Department of Commerce	0%	0%	0%	0%
Department of Defense	1%	2%	1%	2%
Department of Energy	0%	0%	0%	1%
Department of Health and Human Services	0%	0%	1%	3%
Department of State	0%	0%	2%	1%
Millennium Challenge Corporation	0%	0%	43%	4%
Peace Corps	8%	5%	2%	2%
Trade and Development Agency	0%	0%	0%	1%
U.S. Agency for International Development	19%	85%	48%	86%

Assistance funding to the Department of Agriculture. With the introduction of a more whole of government approach to foreign aid in 2013 we see the number of agencies and percentage of funding come from addition agencies. Though comparatively small to the numbers of USAID and MCC,



investments are being made by Health and Human Services beginning in the 2000s and Department of Energy in 2010-2013. The table reinforces the ever-growing need for constant and open communication between US agencies.

In 2013, Non-USAID spending totaled \$16.3 million. Nearly 65 percent of all funds were in the Energy Generation and Supply Sector, of which on 57 percent was from the MCC. Departments of Defense, State, Health and Human Services and Peace Corps are cumulatively managing \$3.4 million towards Population Policies/Programs and Reproductive Health. USAID's 2013 budget is divided up primarily between project towards Basic Health, Agriculture, Population and Reproductive Health and Basic Education. Additional resources are allocated to Government and Civil Society and Water.



Partnering to Eradicate Poverty

Foreign Aid data also allows us to explore how the US has partnered in its development efforts over the decades. Based on available data, direct government related work was the basis of aid in the 80s and 90s.

From 2000-2010 there is a large increase in funds going to church and faith based institutions and another shift towards non-governmental organizations (NGOs). The data for 2010-2013 is more detailed allowing us to see that the largest percentage of NGOs contributions are towards US based institutions. In recent period, the US government has more than tripled its contributions to universities and other research institutions.

The Foreign Aid database, available at link below, provides all the included tools for development practitioners to paint an accurate and whole of government picture of the state of Foreign Assistance in Ghana, as well as any other Foreign Assistance eligible country. Going forward this series hopes to provide USAID Ghana the information needed to frame out

Recipient	1980-89	1990-1999	2000-2010	2010-2013
Government	445,221,393	696,161,997	833,031,871	224,203,316
Enterprises		915,684	197,435,698	169,008,768
Church and Faith Based		24,174	120,948,888	1,675,948
Multilateral		45,814	45,265,046	
Other				9,777,307
United Nations				33,074,343
World Bank Group				38,990,748
NGO		1,313,415	209,548,091	
International				13,462,211
Non United States				20,728,657
United States				279,791,889
Public and Private Partnerships			122,939	102,438
Universities and Research Institutes			25,359,444	69,151,707
Grand Total	445,221,393	698,461,084	1,431,711,977	860,123,035

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Resources

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