



Photo: Nana Akufo-Addo, President of Ghana.

## The ‘Beyond Aid’ agenda – what, who and for whom?

The recent African Transformation Forum provided a fertile environment for reflection on the modalities, agents and current and future beneficiaries of Ghana’s “Beyond Aid” agenda.

by Richard Carey | Aug 1, 2018

In the middle of a process to define its new policy for development cooperation, the Government of Ghana recently announced that it was calling time out on that effort and established a ministerial committee to investigate a wider agenda “beyond aid”. The “Beyond Aid” Committee, under the leadership of Senior Minister Yaw Osafo Maafo is now looking to turn this wider agenda into an action programme that focuses the government and inspires the public at large.

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The “beyond aid” concept has been employed in various ways over many years, for example to mean the need for donor countries to line up all of their policies that impact on development prospects, the “policy coherence” agenda in other words. More recently it has been used to capture the widening range of external financing sources and instruments now available to developing countries, bringing in a new “age of choice” era.

What Ghana’s initiative is essentially about though is quite different. It seeks to create, in effect, a new social contract between governments and their peoples, in which all financial resources, foreign and domestic, are seen together and used to “get things done”, with fundamental, inclusive, development impacts, taking Ghana beyond the frameworks of international donors and institutions for its decision-making.

Domestic resources are the main source of development finance, so the focus has to shift from the relationship with donors and lenders to creating trust between a government and its people. That means thinking and working in terms of advances in actual service provision that people recognise and appreciate.

Such confidence in well functioning government is the key to generating wide support for raising tax revenues by several percentage points as a proportion of national incomes — Ghana, with a tax to GDP ratio of just 15 per cent, is below the average of 19 per cent for 15 other African countries, which is below the average of 23 per cent in Latin America and 34 per cent in OECD countries — and investing that additional revenue in the expansion of effective public services (health, education) and infrastructures. When such public investment makes rural and urban life easier and the economy more productive and financially sustainable, then political leaders can carry the day with their publics.

## ‘Getting things done’

A number of African countries have shown how tax revenues can be lifted by extending the tax base and improving tax collection. Then comes the important task of effective policy execution. “Getting things done” attracts domestic and external investors, thus creating the dynamic economic activity that further increases growth and government revenues. This creates a virtuous circle of expanding public services and investment, wide public support, rising private sector and dynamic job creation.

In the final session of the recent African Transformation Forum 2018, political and business leaders came together in a discussion that focussed on just this question of “getting things done”.

Ghanaian President Nana Afuko-Addo framed the question, “why is Africa not doing so much better today given all the human and natural resources it has”? When the state takes action to “sanitise” the macro economy, expand education and training and support accountability via a vibrant media and civil society, then it is in a position to aggressively showcase development opportunities. Rwandan President Paul Kagame, currently Chair of the African Union, saw no excuse for African countries to be poor decade after decade – it is all a question of political and economic management in putting resources to good use to achieve transformation, and of recognising that African countries are intertwined in this process so that they must work together regionally and on a continental basis. Vice President Duncan of Côte d’Ivoire emphasised just how much reform had been required to generate the current strong performance in his country.

From an investor's perspective, Nigerian businessman Aliko Dangote said the key investment decision factor was political leadership performance – were manifestos for development being turned into real actions? Unilever's Executive Vice-President for Ghana and Nigeria, Yaw Nsarkoh saw the key priority as reducing Africa's high cost structure through major logistical systems improvements, effective competition policies and infrastructure investment. "Doers" are successful. Implementation is the frontier. The entire African economy must be kick-started by this logistical cost-reduction process, which requires execution muscle.

On the financial front, in this leaders session the question was how African banks could be shifted from passive to active investors in African development, across African regions and the whole continent. And alongside that, the urgent need to persuade African countries to ratify the Continental Free Trade Area Agreement (CFTA), releasing the enormous economic potential of an Africa with fast-growing integrated markets.

## Focus on agency

Thus the ATF2018 discussion had very little focus on traditional aid. Indeed, there was not a single mention of aid in this final session among top political and business leaders. The focus instead was on the responsibilities of African actors and the importance of African agency in putting all development resources to work with transformative impacts.

It is here that the meaning of the "beyond aid" agenda can be found – in the process of forming and delivering on a social contract between African governments and their peoples that visibly improves current lives and future prospects.

In this vein, the ATF2018 session on Resource Mobilisation and Management (RMM), under the Chairmanship of Rwandan Minister of Finance Uzziel Ndagijimana, came up with a framework for setting action agendas on the following fronts:

- Development Finance Strategies: mapping development finance, domestic and external, to medium term transformation objectives, across sectors and various levels of government.
- Domestic Revenue Strategies: with medium term fiscal objectives justified in terms of service provision and strengthened capacities for sustainable growth, expressed in social contract and equity terms with wide social engagement; backed by effective administration systems using new technologies to collect taxes and tackle tax evasion; eliminating discretionary tax exemptions that undermine fiscal integrity and require higher tax rates.
- Investment Implementation: generating bankable project pipelines and closely monitoring and evaluating project performance – tasks requiring systematic high level political engagement.
- Regional connectivity: across infrastructure sectors to capture market growth and generate investment opportunities in the CFTA.
- Private Sector Finance: financial sector development, using new technologies for leapfrogging on financial inclusion, reaching both men and women, including mobile-phone based savings vehicles and payments systems and loans for small enterprises and farmers and start-up financing.

- Blended Finance: using official sector finance to leverage commercial finance.
- Fighting illicit flows: through which elites and multinational companies rob African countries of major financial resources, with the complicity of actors in major international financial centres.
- Participation in international tax cooperation to increase tax transparency and exchange of information: some 27 African countries, with Ghana in a leading role, are working to implement this agenda in their own countries, which will ensure that they capture all the revenues due to them, cutting down tax evasion and illicit flows.
- National Transformation Forums: as the successor to donor-oriented consultative groups focussed on aid, bringing in the full range of domestic and international actors and financing flows, with the national transformation forums providing African political leadership and promoting African agency in development financing.

Coming out of ATF2018, the Pan-African Coalition for Transformation (PACT) will have the use of a new dedicated ACET Web portal, expressly designed to enable continuous learning processes to reinforce the annual meetings of the various PACT Chapters.

Thus African countries' progress on the RMM Chapter Action Plan can be shared in real time, speeding up peer learning across the continent and promoting the concept of going "beyond aid" and its donor forums to a social contract between governments and peoples, with National Development Forums serving as the new dialogue space.



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