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ANNEX 2

to the Commission Implementing Decision on the 2023 Annual Action Plan in favour of the Republic of Ghana

EU action for Sound Public Financial Management and Private Sector Development

ANNUAL PLAN

This document constitutes the annual work programme in the sense of Article 110(2) of the Financial Regulation, and action plans/measures in the sense of Article 23 of NDICI-Global Europe Regulation.

1 SYNOPSIS

1.1 Action Summary Table

1. Title CRIS/OPSYS business reference Basic Act	EU PFM and Private Sector Development Support Programme OPSYS number: ACT-61550 Financed under the Neighbourhood, Development and International Cooperation Instrument (<u>NDICI-Global Europe</u>)
2. Team Europe Initiative	Yes, Team Europe Initiative (TEI) on smart, green and digital recovery in Ghana TEI MAV+ on manufacturing and access to vaccines, medicines and health technologies
3. Zone benefiting from the action	The action shall be carried out in the Republic of Ghana
4. Programming document	Joint Programming Ghana 2021-2027
5. Link with relevant MIP objectives / expected results	<p>Priority Area 1 - Green growth for jobs</p> <p>Specific objective 1: Foster business, trade and value chains development that promote inclusive growth with a particular focus on women and young entrepreneurs of MSMEs in digital, circular and green economy as well as the pharmaceutical sector.</p> <p>Result 1.1.: Innovative and inclusive financial instruments are available for MSMEs.</p> <p>Result 1.2.: A dynamic business ecosystem fostering greener, inclusive and digitalised business.</p> <p>Specific objective 3: Improve efficiency, relevance and quality of TVET and higher education to boost employment in the green, digital and pharmaceutical sectors.</p> <p>Result 3.3.: Job seeker's skills on digital, green and pharmaceutical technology are improved.</p> <p>Priority Area 3 – Good governance and security</p>

	<p>Specific objective 1: Support green, democratic and financial governance and migration management.</p> <p>Result 1.3 Public Financial Management including domestic revenue mobilisation are more efficient and transparent</p> <p>Specific objective 2: Improve the business environment for local and foreign private investors and promote Ghana as an investment destination.</p> <p>Result 2.1: Business environment and investment climate are conducive to attracting and retaining local and foreign investment.</p>
PRIORITY AREAS AND SECTOR INFORMATION	
6. Priority Area(s), sectors	<p>250 – Business and Other Services</p> <p>321 – Industry</p> <p>11330 – Vocational Training</p> <p>151 - Government & Civil Society-general</p>
7. Sustainable Development Goals (SDGs)	<p>Main SDG 8: Decent Work and Economic Growth</p> <p>Other significant SDGs</p> <p>SDG 1: No poverty</p> <p>SDG3: Good health and Well-being</p> <p>SDG 4: Quality Education</p> <p>SDG 10 : Reduction of inequalities</p> <p>SDG 16: Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels</p> <p>SDG 12: Ensure sustainable consumption and production patterns</p> <p>SDG 9: Industry, Innovation and Infrastructure</p> <p>SDG 13: Take urgent action to combat climate change and its impacts</p> <p>SDG 5: Achieve gender equality and empower all women and girls</p> <p>SDG 17: Strengthen the means of implementation and revitalize the global partnership for sustainable development</p>
8 a) DAC code(s)	<p>15110 Public sector policy and administrative management</p> <p>15111 Public financial management (PFM)</p> <p>32130 SME development</p> <p>32168 Pharmaceutical production</p>
8 b) Main Delivery Channel @	<p>Member State agencies – 11000</p> <p>Other public entities in donor country (EU Member State agency) - 11004</p> <p>Public entities - 12000</p> <p>Multilateral Organisations - 40000</p> <p>Civil Society Organisations - 20000</p>
9. Targets	<p><input type="checkbox"/> Migration</p> <p><input checked="" type="checkbox"/> Climate</p> <p><input checked="" type="checkbox"/> Social inclusion and Human Development</p> <p><input checked="" type="checkbox"/> Gender</p> <p><input type="checkbox"/> Biodiversity</p> <p><input checked="" type="checkbox"/> Education</p> <p><input type="checkbox"/> Human Rights, Democracy and Governance</p>

10. Markers (from DAC form)	General policy objective @	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>
	Aid to environment @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Gender equality and women's and girl's empowerment	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Trade development	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Reproductive, maternal, new-born and child health	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with Disabilities @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification @	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation @	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
11. Internal markers and Tags:	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation @ Tags: digital connectivity digital governance digital entrepreneurship job creation digital skills/literacy digital services	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/> <input checked="" type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Connectivity @ Tags: transport people2people energy digital connectivity	<input type="checkbox"/>	<input checked="" type="checkbox"/> <input type="checkbox"/> <input checked="" type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>	<input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/> <input type="checkbox"/>
	Migration @ (methodology for tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reduction of Inequalities (methodology for marker and tagging under development)	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Covid-19	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

BUDGET INFORMATION	
12. Amounts concerned	<p>Budget line(s) (article, item): BGUE-B2022-14.02 01 20</p> <p>Total estimated cost: EUR 27 000 000</p> <p>Total amount of EU budget contribution EUR 27 000 000</p> <p>This action is contributing to the TEI on smart, green and digital recovery in Ghana, to which the Czech Republic, Denmark, France, Germany, Hungary, Spain, The Netherlands as well as the European Investment Bank participate, for a total grand amount of circa 800-850 MEUR.</p> <p>It is also contributing to the TEI MAV+ on manufacturing and access to vaccines, medicines and health technologies</p>
MANAGEMENT AND IMPLEMENTATION	
13. Type of financing	<p>Indirect management with the entities to be selected in accordance with the criteria set out in section 4.4.2.</p> <p>Indirect Management with the Republic of Ghana</p> <p>Direct management (cf. section 4.4.1)</p>

1.2 Summary of the Action

Ghana and the European Union have a common interest in promoting sustainable, transparent, inclusive and fair Public Financial Management and Private Sector that mainstreams climate and environmental sustainability, gender and digitalisation. This Action is part of the Ghana Joint Programming 2021-2027 and will focus on Public Financial Management (PFM) and Private Sector Development (PSD). The two components of this Action will be mutually reinforcing, as an effective PFM system that will foster a better business environment and investment climate which in turn will boost the impact of the envisaged private sector interventions. In particular, PFM is an enabler for green, digital and inclusive private sector development that stimulates women's and youth social and economic empowerment as well as employment, which are shared objectives. Conversely, a dynamic private sector is a pre-requisite for proper domestic revenue mobilisation. Both are also foundations for investments under the Global Gateway.

In this context, the Overall Objective (Impact) of this action is to have a more inclusive, greener and digitalised Ghanaian society and economy.

The first Specific Objective of the action is to improve gender and green responsiveness, transparency and accountability, including social demand-side accountability, of Public Finance Management in Ghana. It will reinforce audit and procurement functions and will improve citizens' perception of the institutions in charge. This will help foster fiscal discipline and increase investor confidence. The PFM activities build on the results achieved by the EU PFM Support Programme to Ghana (2017-2023). They will consolidate the gains made thus far as a result of targeted support to Ghana Audit Service (GAS), Public Procurement Authority (PPA), Internal Audit Agency (IAA) and Parliament, in particular by strengthening their oversight functions. Specifically, the second phase of the EU PFM Support Programme will focus on consolidating the gains made at GAS, IAA, and PPA, plus support to CSOs in PFM to strengthen demand-side accountability (social accountability) through public engagement and advocacy. The action will also mainstream a gender and climate perspective into the national budget system. Overall, the Action will contribute to improved control, predictability and transparency in budget execution by supporting the enhancement of internal and external audit functions and public procurement management. This will help unlock resources linked to malpractices and/or corruption, thereby increasing domestic resources mobilisation. The PFM component seeks to complement the EU Programme for Strengthening the Rule of Law, Accountability and Fight Against Corruption, specifically on reinforcing GAS to provide concrete audit evidence to support the rule of law sector and enforcement of sanctions to reduce corruption. Concurrently, it seeks to complement the Programme EU-Ghana Partnership for Green transition, notably in supporting GAS in its endeavour of auditing environmental and extractive industries.

The second Specific Objective is to develop a greener, digitalised and more inclusive private sector in Ghana (including in the creative and heritage, healthcare and pharmaceutical industries). In line with the external dimension of the European Green Deal agenda, one of the EU priorities for cooperation in Ghana is to boost green employment and enterprise opportunities for women and men by promoting and supporting sustainable and green businesses. Therefore, the second specific objective of this action will support development of a sustainable, green and inclusive private sector (such as in the health and pharmaceutical, as well as creative and heritage industries, including in the areas of tourism and ecotourism). All sectors of the economy will be eligible for support from the action, as long as activities lead to business opportunities that limit the negative impact on climate or the environment, i.e. business plans involving reduction of greenhouse gas emissions, waste and pollution. Entrepreneurs already engaged directly in green sectors (or planning to be), such as renewable energy, waste disposal etc., will naturally be eligible for support as well. This action will therefore incentivise businesses to learn about and pursue opportunities contributing to climate change mitigation as well as adaptation (through decreased pollution and business methods and services adapted to a changing climate). Actions involving digitalisation of business methods or business ideas targeting digital products and services will also be eligible. This is in line with the European Commission's objectives related to supporting digitalisation throughout. In other words, businesses' digitalisation can be supported, regardless of sector of the economy.

The second specific objective, related to a greener, digitalised and more inclusive private sector, will expand EU engagement in sectors with strong opportunities for value and job creation, climate mitigation and climate adaptation, social cohesion, and digitalisation. This will be achieved through three major outputs: i) access to innovative and inclusive finance for digital, green and circular initiatives; ii) support to business regulatory environment and ecosystem for digital, green and circular initiatives; iii) entrepreneurs' capacity building for the application of green and digital technologies. The action will support the development of private sector opportunities, especially those with innovative and sustainable business models (such as e-service and e-commerce), green-tech, fin-tech, health-tech, art-tech etc., other sustainable initiatives, and ownership by entrepreneurs, who involve women and youth.

The specific objective on greened and digitalised, inclusive PSD will create synergies with the 'Pact4Skills' action, in particular its result 3.3: "To improve the skills of employment seekers in the areas of digital, green, and pharmaceutical technology". In this regards, there could be synergies with the new regional TEI 'Opportunity-driven skills and VET in Africa' (OP-VET) as well as the regional TEI on 'Manufacturing and Access to Vaccines, Medicines and Health Technologies (MAV+)'. There may also be synergy opportunities with the action 'Support to Green Transition and Agribusiness' (AAP2023, the overall objective of which is to accelerate the transition of Ghana's agricultural sector towards sustainability, resilience, inclusivity and food security. The PSD component will support green entrepreneurs, including in the agricultural sector) as well as the action on Modernisation of electricity distribution network in Northern Ghana (AAP2022). Ensuring synergies with evidence-based research will be important as well, particularly to better know how to promote a sustainable private sector in the identified areas where Ghana has a strong potential, such as the pharmaceutical and health sectors.

This action will contribute to a number of Gender Action Plan (GAP) III priorities, in particular "Strengthening economic and social rights and empowering girls and women" and "Addressing the challenges and harnessing the opportunity of the green and digital transition".

2 RATIONALE

2.1 Context

Ghana is home to a population of 32.8 million people with youth (aged between 15 and 34) representing more than 35.1% of the population. The majority of Ghanaian youth are employed in the informal sector and 16.9% are estimated to be unemployed. In the prior years, the country's economy was one of the fastest growing in Africa, with a GDP Growth Rate averaging 4.9% over the six years preceding COVID-19, peaking at 8.1% in 2017. Following a period of economic turbulence after the discovery of oil and gas in 2007, a concerted fiscal consolidation programme between 2015 and 2018 helped narrow the headline fiscal deficit to below 5% of GDP. Ghana successfully completed an IMF program in 2019 focused on restoring macroeconomic stability and has been on a Post Program Monitoring and Article IV consultation cycle since then. Most recently, the COVID-19 pandemic, the global crisis provoked by the Russian invasion of Ukraine have created difficulties for Ghana to maintain a healthy fiscal space. Difficulties to mobilise

sufficient domestic resources while the public expenditures were not properly contained, coupled with a worrisome increase in public debt have severely affected the economy and have pushed its leaders to seek IMF support for the 17th time since independence. The outcome of these negotiations will define Ghana's macroeconomic and fiscal projections in the short to mid-term.

Ghana is currently in the midst of an unprecedented economic crisis, affecting Ghana's political and social fabric. The country suspended payments on most of its external debt last year, effectively defaulting. The Ghanaian economy suffered severe setbacks in 2020, mainly due to the COVID-19 pandemic and unprecedented restrictions on local businesses and loss in tax revenues. The government response helped contain the pandemic and support the economy, but at the cost of a record fiscal deficit and rapidly accumulating debt. The dire economic situation, exacerbated not only by the Covid-19 pandemic, but also by the war in Ukraine, fuelled a steep increase in public debt¹ due to excessive borrowing and difficulties to mobilise sufficient domestic resources. GDP grew 5.4% in 2021, 3.6% in 2022 (revised from 5.8%) and is projected to reach 2.8 in 2023. In December 2023, the annual inflation rate climbed to record levels of 54.1%. The local currency, Ghana cedi, was among Africa's worst performing, depreciating more than 33.4% against the US dollar in 2022 and lost as much as 6.1% against the dollar by January 2023. Ghana's central bank policy rate increase in 2022 (750 bpts) was the highest among the African countries assessed by the African Development Bank, followed only by Mozambique and Nigeria (400 bpts each). In this setting, in December 2022 the Government of Ghana has reached a staff-level agreement with the IMF for a three-year programme under the Extended Credit Facility (ECF) amounting to USD 3 billion. This is subject to IMF Management and Executive Board approval. In terms of the **private sector landscape**, Ghana's economy is led by the services sector, which accounts for 49.8% of GDP. Information and communications technology (ICT), of which telecommunication services represent the largest share, contribute about 3.6% of the country's GDP. Over the medium term, the services sector is expected to grow at an average of 7.7% per annum, with ICT expected to lead with an average growth rate of about 15.6% per annum².

Ghana's informal sector accounts for 25% of GDP and employs 90% of the labour force through low-growth industries. As Ghana's population grows, job creation has not kept up pace with labour force growth. **Preliminary studies estimate a potential shortfall of over 5 million quality jobs through 2030, and a high need for skilled labour.** Employment in Ghana is dominated by MSMEs, which suffer from low and stagnant productivity. In 2015, 98% of the country's businesses were micro or small and 90% were informal. The vast majority of Ghanaians are self-employed. In 2016/17, 84% of the working-age population and 85% of youth were self-employed. The positive association between self-employment status and poverty status indicates that these activities are often not productive and gainful enough to lift individuals out of poverty. Over the past decade, productivity growth in services has stagnated and productivity in manufacturing has declined.

The Government of Ghana (GoG) recognises these challenges and over the last years has shown efforts to support private sector development as driver for growth and job creation. Ghana Beyond Aid, the President's vision which is aimed at transitioning Ghana from its current socio-economic status to a prosperous and buoyant economy that is in charge of its own destiny, places private sector at the centre of economic transformation and commits to create a business environment that attracts both domestic and foreign investors and businesses. GoG is determined to create an entrepreneurial culture, especially among the youth, to support start-ups and early-stage businesses with financing and business development services, including incubator hubs and business accelerator services. Clear commitments, such as the 2022 YouStart Initiative, go in this direction. The National Green Jobs Strategy and Ghana's Digital Agenda complement these efforts, boosting the creation of green and digital jobs through coherent and effective policy coordination of sectoral approaches, in line with other policy initiatives such as MSMEs and Entrepreneurship Policy, National ICT in Education Policy for Ghana (2015), National Financial Inclusion and Development Strategy, Digital Financial Service Policy.

Ghana is implementing the interim EPA with the EU. As set out in its trade strategy, the EU is committed to boosting sustainability and ensuring that its trade and investment tools accompany and support a global transition towards a climate neutral economy. The EU has therefore proposed a number of autonomous measures promoting sustainable development, including climate neutral economic growth, which may bring additional challenges to

¹ IMF projects an 87.8% debt in 2023.

² As of 2014, almost 40,000 persons were engaged in the ICT sector in Ghana, 70 % of them working in Greater Accra, and 10 % in Ashanti.

producers and exporters from Ghana. This creates an opportunity to accelerate thinking on how to adopt to and comply with these new market requirements in order for Ghanaian exports to be competitive on the EU market.

As regards the framework for greening of the private sector, opportunities stem also from the Updated Nationally Determined Contribution under the Paris Agreement (2020 - 2030). They translate into 13 adaptation and 34 mitigation programmes of action (referred to as measures). The policy actions have the potential to maximise the synergies between adaptation and economic diversification, resulting in adaptation/mitigation co-benefits. All major objectives of the NDC are relevant to this Project, as it aims at: Generating absolute greenhouse gas (GHG) emission reductions of 64 MtCO₂e; Avoiding at least 2,900 premature deaths per year from improved air quality; Creating over one million decent and green jobs; Targeting the youth and women

The government recognises the opportunity that **digital development** has for stimulating jobs in key sectors, improving productivity, and accelerating inclusive growth both directly in the ICT sector and as an enabler for other high-potential sectors, and has pledged to put digital economic transformation at the centre of the Ghana Beyond Aid agenda. According to the World Bank (2019), Ghana performs relatively well on the availability of digital infrastructure – with high coverage and relatively low costs for mobile internet. Digital commerce is ramping up, positioning Ghana as the sixth country in Africa in B2C e-commerce in 2018, climbing six positions from its 2017 ranking. However, most of the digital infrastructure is concentrated in urban and commercial areas with large sections of the country's rural areas without effective coverage.

In a nutshell, Ghana has suffered from a lack of productive employment opportunities for workers moving out of agriculture, limiting the contribution of structural change to growth. **Digital technologies together with complementary analogue technologies could help raise the productivity of MSMEs and generate more and better jobs in terms of productivity, firm upgrading and entrepreneurship, thereby driving the growth of higher quality jobs in Ghana.** At the same time, the green economy offers a high potential for job creation in new and existing sectors.

The **PFM landscape** has seen mixed performance over the last couple of years. The most recent Public Expenditure and Financial Accountability (PEFA) assessment conducted in 2018 and subsequent PFM reform reviews indicate that PFM progress improved, albeit marginally. In the years 2019-2021 work has been ongoing to address these identified weaknesses, but at first sight this does not seem to have led to a significant improvement in the PEFA ratings. Main weaknesses prevail particularly in budget reliability, which could not be rated because GIFMIS does not include all government expenditures. Weaknesses also persist in transparency of public finances (the latest Open Budget Survey conducted in 2021 shows insufficient, yet above global average performance in budget transparency (56/100), while public participation fares even worse (20/100)). Also struggling is the performance in budget execution predictability and control, in revenue administration, accounting for revenue, expenditure arrears, procurement (no comprehensive procurement assessment commissioned by the Government in the recent past) and in follow-up and implementation of both internal and external audit recommendations. Gender equality concerns are not adequately addressed in the formulation and execution of the budget, including monitoring and reporting. Some measures have been taken over 2019 to 2021 to address the situation. For instance, the internal audit function was expanded further throughout the government and internal auditing has started in MDAs, focusing on risk-based and systemic issues; the number of audits has been further expanded in 2020 and e-Procurement has been adopted, making Ghana the first country in West Africa to establish an electronic procurement system for the public sector. On the revenue side and in spite of several reforms adopted in the revenue administration angle, mainly in digitalisation, the envisaged increased tax/GDP ratio did not materialise.

In response to these challenges the Government approved in April 2022 a 5-year strategy (2022-2026) structured around five pillars, namely: macro-fiscal framework, budget preparation and approval, control predictability and transparency in budget execution, accounting and reporting using GIFMIS, and external audit and parliamentary scrutiny. These pillars are divided into 17 Strategic Objectives (SO). Volume 2 of the Strategy 2022-2026 contains the Action Plan (AP), presenting in detail 40 activities to be undertaken under the 17 SOs, including the costs of implantation of activities, the planned benefits as well as baseline and targets to be achieved.

The PFM-related activities of this action will align with the new Strategy and help foster fiscal discipline and therefore contribute to macroeconomic stability in the medium term. A division of labour on PFM priorities and capacity development has been agreed with the IMF, the World Bank and other development partners active in that field.

Ghana has made progress in gender equality and women's empowerment, but this remains a challenge due to the persistence of deeply rooted discriminatory social norms and inadequate institutional accountability, coordination, capacities, and financial resources. Regarding notably, Economic Participation and Opportunity for women, Ghana ranks 108 (out of 146 countries) in the 2022 World Economic Forum "Global Gender Gap Report". With regards to the governance framework, there is room to improve public accountability and effective checks and balances to counterbalance male predominance in the executive branch.

Ghana ranked 73rd on the Corruption Perceptions Index in 2021. Even though corruption in Ghana is relatively low when compared to other African countries, companies frequently quote corruption as an obstacle for doing business in the country. Most recently, the corruption risk assessment reports by Ghana Integrity Initiative and Transparency International revealed the inadequacy of procurement processes related to the twenty COVID-19 interventions among the population, as well as poor mineral sector governance and corrupt practices along the value chain, among other findings.

Complementarity: The World Bank (WB) is currently the main development partner providing support to GAS, IAA, and PPA through its disbursement-linked indicator (DLI) initiative. The WB support is provided through the Ghana PFM reform strategy. The Bank's financing arrangement is for technical assistance (TA) support of USD 4.5 million to IAA, USD 5 million to GAS and USD 6 million to PPA. The TA is meant to assist these three institutions to meet the requirements of the DLI agreed with the Government of Ghana. The present action, to be supported by the EU, has been carefully crafted to ensure that there are no overlaps and/or duplication of efforts. To this end, the EU's support focuses on areas already funded by phase 1 of the PFM support such as framework agreements (FWAs), standardised procurement audit framework (SPAF), and transformation of IAA into a Service through amendments of its existing legal and regulatory frameworks. The support will focus on activities, which were not completed or needed additional funding for expansion in order to consolidate and sustain the gains made.

2.2 Problem Analysis

Short problem analysis:

PFM landscape:

Public Procurement: The Public Procurement Authority plays a vital role in ensuring that value-for-money is achieved in terms of government procurement of goods and services. Phase 2 of the EU support will sustain and consolidate gains made in the first phase of the EU PFM support programme. This had funded a successful initiative to integrate framework contracting agreements into the entire public sector procurement management system. It focused on the health sector by standardising prices of goods and services of government procuring entities, strengthened the competitive procurement environment and reduced service cost. The current action will continue supporting the framework contracting agreement in the educational sector, and expand training to cover tertiary institutions and subnational governments, by introducing the same concept of fixed prices in the procurement of goods and services in order to reduce corruption and improve transparency and accountability.

Additionally, support to the standardised procurement audit framework (SPAF) developed under the first phase of the programme for the three institutions will focus in this second phase on expanding the training and capacity building programme to include train-the-trainer programmes for the technical staff of GAS, IAA/S³ and PPA. Contributing to the digitalisation agenda, this action also intends to support PPA on Ghana Electronic Procurement System (GHANEPS) with training and capacity building programmes as well as the incorporation of standard tender documents (STDs) and accompanied training to cover all public procurement entities.

Ghana is committed to sustainable development and is a signatory to the SDG goals, including SDG 12 Sustainable Consumption and Production. The amendments to the Public Procurement Act 2003 (Act 663) provided provisions that created the legal environment to achieve the objectives of Sustainable Consumption and Production, specifically economic, environmental and social issues which could be achieved through application of sustainable procurement

³ IAA to transition into an Internal Audit Service (IAS).

principles and practices⁴. Swiss SECO began a three-year initiative to support PPA and the Government of Ghana to operationalise the legal provisions related to sustainable public procurement (SPP); the support ended in 2014 and has since not been renewed, although more remains to be accomplished. This current action, as part of measures to mainstream environment and climate change in PFM, intends to pick up from where SECO left the SPP by providing the necessary support to PPA and to complete and sustain SPP in the public procurement space.

Internal Audit: Ghana has been successful in promulgating strong PFM laws but their implementation remains a challenge. While both IAA and GAS maintain professional international auditing standards, capacity constraints and limited IT resources continue to hamper the role of audit committees and the overall effectiveness of the internal audit process. Significant government funds are wasted through malpractice and corrupt procurement practices because of weak general government procurement management and auditing systems⁵. Therefore, IAA/S, GAS, and PPA will continue to collaborate under the standardised procurement audit framework (SPAF) to strengthen its oversight functions. The IAA has received support under phase 1 of the EU PFM programme in order to transition into a Service with stronger legal mandate to curb corrupt practices; this will continue under phase 2 of this action, through supporting IAA's effort to develop a new legislative instrument to back the new IAA/S law which is currently before parliament. The support will also cover the restructuring of the new IAA/S as well as building the quality assurance process of the new IAA/S to strengthen its operational environment. Phase 1 also saw support to Audit Committees; phase 2 will expand the coverage to include more audit committee members plus train-the-trainer programmes to ensure sustainability and inclusion. IAA/S will receive support under the digitalisation agenda through the procurement and training on an audit management information system (AMIS), also known as end-to-end (E2E) system. This will change the current manual audit process into a digitised environment as well as provide an electronic platform for tracking the implementation of audit recommendations (both internal and external audits).

External Audit: The public sector is stepping up towards full digitalisation of their budgeting and financial management platforms. Central government's financial management system (GIFMIS) hosted by the Controller and Accountant General's Department (CAGD) runs on Oracle. The central government payroll system (IPPD) is Oracle-based. Ghana Revenue Authority's integrated tax administration system (ITAS) is also Oracle-based. To be able to efficiently and effectively provide external audit within government's IT platform, it is crucial for the constitutionally mandated public institution (Ghana Audit Service) to be fully equipped to assure of the proper use of public funds. To this end, phase 1 of the EU PFM support programme provided training on Oracle for a handful of GAS technical staff. Phase 2 intends to expand the rollout of Oracle training to many more GAS technical staff (specific attention will be paid to training women). Additionally, there is the need to equip GAS to properly query the IT databases of public institutions through the acquisition and use of computerised assisted audit techniques (CAATs) or audit command language (ACL) with the necessary training and capacity building programmes backed by train-the-trainer programmes to ensure sustainability. The extractive and forest industries have become more vulnerable to excessive exploitation and abuse, leading to environmental and climate challenges. Therefore, GAS required technical support to effectively undertake forensic and performance audits, as well as value-for-money audits to maximise the use of Ghana's natural resources and the management of related revenue. It has also become necessary to update and finalise GAS audit manuals and methodologies.

Ministry of Finance and targeted budget institutions for gender and green responsive budgeting: The current budget formulation and preparation framework of the Government of Ghana has no specific requirement for budget institutions to ensure that their annual budget proposals are gender responsive. At best, the budget guidelines (budget call circular) at this stage only advise budget institutions to consider gender issues during their budget formulation process. This has not been institutionalised yet. Nevertheless, MoF through an administrative arrangement, assists MDAs in organising workshops during the budget formulation and preparation process for purposes of ensuring that MDAs budget are gender responsive, this process is however not encoded in law, therefore not mandatory. The IMF/AFRITAC-W2 approached the Government of Ghana in late 2019 and early part of 2020 to provide technical support in this area; this is yet to materialise. This action intends to conduct a needs assessment of the gender

⁴ Section 22(1)(a) and 22(1)(b)(a) of Act 663 have added environmental qualifications and a new subsection on ethical and other standards applicable in Ghana. Section 59 (2) (g) provides for the inclusion of evaluation criteria for environmental issues when needed in the evaluation process in order to determine a successful tender. Tenderers are required to comply with environmental regulations in order to be eligible for government contracts in Part 2, Section 22 (1)(a) (i); 59 (8). Such requirements are found in the Environmental Protection Agency Act 1994 (Act 490) dealing with Pesticides Control and Management, Reduction in Green House Gas Emissions, Environmental Impact Assessment, Hazardous Chemicals etc.

⁵ According to Ghana's Finance Minister, Ken Ofori-Atta, the country loses over US\$4 billion annually to corruption. According to Ghana's Commission for Human Rights and Administrative Justice, this amounts to a loss of about 20% of Ghana's budget.

responsive budgeting requirements of the Government of Ghana in conjunction with the IMF/ AFRITAC-W2. This will be piloted in the Ministries of Finance, Education and Health as well as GAS, PPA, and IAA/S.

The Environmental Protection Agency (EPA) under the Ministry of Environment leads GoG's effort in addressing and tracking climate change issues. The Agency works in close collaboration with the climate change unit under the Economic Strategy and Research Division of MoF. There is an effort to track all climate related expenditures but this is not systematically done. As climate change has become a topical issue worldwide, there is a clear need to develop the appropriate structures to effectively track GoG's and other development partners' expenditures related to climate change.

Social Accountability: There is a strong presence of CSOs in Ghana with varied expertise. The PFM Act 2016 (Act 921) provides space for CSO engagement as part of measures to improve public accountability. Nevertheless, opportunities for citizens' engagement in the budget process remain low as supported by Ghana's low score (20/100) OBS 2021 score for public participation and is partly due to the fact that CSOs are rarely funded to provide the necessary platform to strengthen public engagement. As public discourse focuses less on PFM issues, it has become imperative to strengthen public advocacy through CSOs to channel the accurate information in order to pressurise the government to be more transparent and more accountable in its use of public funds. It is in this vein that this action intends to leverage on the aspect of demand-side accountability by strengthening CSOs within the PFM sector, through advocacy and public engagement.

PSD landscape:

Low and non-adapted access to finance: Ghana faces a substantial investment gap. According to the G-20 Global Infrastructure Outlook estimate, to achieve its SDGs, Ghana will need more than \$11 billion annually over the next 15 years. The current level of investment funding available suggests a funding gap of \$6 billion a year. Access to finance is a major challenge for would-be entrepreneurs in Ghana. According to the WB Improving Access to Finance Report, the MSME financing gap in Ghana is estimated at 13 % of GDP (about US\$6.1 billion in 2017). Most youths, in particular young women, lack savings, connections, and knowledge about where and how to secure funding. Ghana's level of financial intermediation is low, suggesting that the financial sector has not broadly supported private sector investment. The two most recent Ghana World Bank Enterprise Surveys (in 2007 and 2013) both identified access to finance as the largest single challenge in Ghana's business environment. More specifically, as explained in the World Bank's Ghana Digital Economy Diagnostic report, the start-up phase of business financing seems to be reasonably funded; yet it appears that many start-ups fail at commercialization and scaling-up stages. There exists a shortage of funds at the early/acceleration stage (\$25,000-\$500,000) and on the entrepreneurs' side, financial literacy is a great obstacle (SME financials are most often not in order).

MSMEs struggle in accessing finance from investors as there is an oversupply of capital in search of larger deals, and an undersupply for smaller deals. Medium-sized enterprises looking for mid-sized funding—\$50,000 to \$1 million—tend to fall between the cracks, forming a “missing middle”: too small to attract capital from private equity firms and development finance institutions, yet too big to qualify for funding from banks and micro-finance institutions⁶.

Finally, bank loans are often not a great option for small businesses because of widespread maturity mismatch and the lack of collateral and credit information, as well as high interest rates (often far above 20 %⁷). There seems to be a lack of trust from innovators who often feel banks' services do not meet their needs. For instance, even if they manage to obtain loans, those are often short term (2-3 years) which makes their businesses too vulnerable to market instability. Finally, the lack of awareness of the real cost and benefits of investing in green technologies as well as the unavailability of quality data⁸ and capacity analysis to prevent the risks associated with green investments lead to a reluctance of traditional financial actors⁹, therefore, specialised green finance instruments aren't available from the side of the Ghanaian financial institutions¹⁰. Access to bank loans is often even more difficult for women.

Business environment gaps for green, digital, young and female entrepreneurs, health and pharmaceutical industries: There are a number of challenges and risks for the expansion of innovative, productive and high potential

⁶ Ghana Impact Investment Landscape 2019

⁷ World Bank 2017c

⁸ Green Finance Study in Ghana: Baseline Report, Partnership for Action on Green Economy, 2019

⁹ Green economy implementation in Ghana as a road map for a sustainable development drive: A review, Ernest Baba Ali, Valery Pavlovich Anufrieva, Bismark Amfo, 2021.

¹⁰ A certain novelty in this landscape is the launch of green bonds exchange in 2022 in Ghana, with IFC's support: <https://www.mfw4a.org/news/ghana-launch-dedicated-green-bond-exchange>

young entrepreneurs and MSMEs able to drive growth and job creation. To these we easily add the specific gaps that hinder the development of health and pharmaceutical industries in Ghana (such as e.g. lack of a clear intellectual property framework, unregulated and overpriced inbound logistics chain of the health and pharmaceutical value chains, which leads to high prices, absence of effective and coordinated incentives and support for local pharmaceutical production according to WHO recognised standards, etc.). There are also potential barriers related to imports and exports of pharmaceuticals, including vaccines and vaccine inputs. These challenges need to be addressed in an integrated and coordinated manner, including through full, effective and timely implementation of the WTO Trade Facilitation Agreement, with due regard to the flexible rules of origin under the EPA and the need to improve a business friendly environment and trade facilitation to foster investment in the pharmaceutical sector in Ghana. Government's support for entrepreneurship is uncoordinated and fragmented, consisting of multiple agencies and programmes that provide overlapping support without a clear overall vision. Public-private dialogue is often weak. Entrepreneurship support policies, programmes, and actors in Ghana are growing at a rapid pace, but the country still lags many of its regional peers in terms of ecosystem maturity: GoG has launched different sandbox programmes to help innovators test their solutions in a regulated environment, however implementation of such programmes seems slow. Another major issue is that start-ups most often die after the support phase is over.

As regards digitalisation of entrepreneurship, for Ghana to position itself as a leading digital innovation hub, the country needs to strategically invest in the foundational elements of its digital economy and to successfully implement its digitalisation policies, namely the New Digital Economy Policy and the Digital Transformation Master Plan. A holistic approach to digital economy development is necessary to maximize Ghana's chance for attaining its digital potential and set the conditions for MSMEs growth through a number of enabling policies. Hence, there needs to be an overarching concertation governing the action of GoG in digital transformation.

As far as the green economy in Ghana is concerned, the National Green Jobs Strategy 2021-2027 outlines a roadmap for greater coordination among public and private actors, but its implementation lays ahead. A key challenge remains creating a conducive business regulatory environment and ecosystem to allow the convergence of stakeholders (public sector, academia, private sector) around the same objective of boosting the integration of Ghanaian entrepreneurs (specifically targeting young people and women, as well as marginalized communities in the country's North) in the green, circular and digital sectors (including creative, heritage, culture and health and pharmaceutical sectors) and allow wider and equitable access to investing in these sectors. Down the line, support should also facilitate digital and green entrepreneurs' access to markets.

Ghana plans to conduct a comprehensive analysis of job potentials and economic diversification opportunities for each of the nationally determined contribution (NDC) sectors, thereby directly linking climate action to the economy.

Appropriate business environment and ecosystem are very relevant for health industries (including pharma industry, medical digital industry and others). The specificities of health industries compared with other industries (related for example to financing, safety, and regulatory issues) have to be taken into account.

Low level of business digitalisation and e-commerce: In Ghana, business' platform diffusion remains low. Only 28 % of domestic MSMEs have a website and only 7.8 % of people perform online transactions. However, with these modest figures, Ghana ranks pretty well in the African digital landscape: Ghana ranks third in Africa in private digital platforms, after Nigeria and South Africa. Digital platforms in Ghana are transforming the provision of services, particularly in the retail, transportation and accommodation sectors. Microwork platforms are increasingly becoming source of job creation for entrepreneurs and a promising area for digital earning opportunities but it requires minimum access standards (device and internet). It is estimated that 1 % of internet users in the country are microwork users and mainly youth and women. Digital commerce starts ramping up, positioning Ghana as the sixth country in Africa in B2C e-commerce in 2018, climbing six positions from its 2017 ranking¹¹. Considering that digital workers could make up more than 10 % of the labour force of Africa by 2030¹², there is an untapped potential that needs to be explored.

Difficult to reach international value chains, especially for young entrepreneurs, notably young women entrepreneurs and start-ups. Only recently the so-called digital business with IT-services and Business Process

¹¹ Ghana Digital Economy Diagnostic, Stocktaking Report, the World Bank, 2019, p. 19.

¹² Mastercard Foundation 2019

Outsourcing (BPO) services are put in the focus of public discussions and sector support initiatives. Access to markets has also been identified as one of the key challenges for green products and services of Ghanaian entrepreneurs. Hence, the use of digital technologies in product development and commercialisation (i.e. e-commerce) needs to be better integrated and promoted in all supported sectors.

In recent years, the number of intermediate structures to support digital entrepreneurship (innovation hubs, excellence hubs and incubators) has steadily increased across the country. Still, entrepreneurship support organisations are of mixed quality and many are unable to adequately support businesses passed start-up stage through to growth and maturity.

Skills mismatch and manual methods for business functions: The delivery of high quality and standardized green and digital products and services to local and international markets is a challenge for most Ghanaian companies. Most firms still rely on manual methods to conduct many business functions (e.g. finance, accounting, and human resources), marketing is still predominantly conducted face-to-face, and cash remains the most common payment method. Private sector development requires a new set of skills to keep up with the high demand for digitally skilled professionals to drive growth. Global employers consider digital skills to be among the top seven skills required for the future workforce, and Ghanaian employers attach even greater importance to it¹³.

This is an opportunity for young women as well. The gap between supply and demand is identified for all these skills around the world, and the gap is even more pronounced in sub-Saharan Africa and Ghana¹⁴. Moreover, although at the global level the most in-demand digital skills are at the basic level, the needs of the market in Ghana are also at an intermediate and advanced level, especially in sectors with high potential such as greentech. The Ghana digital skills survey conducted by the IFC in 2018 showed that about 20% of Ghanaian companies across the ICT, health, green sectors said they recruit only internationally for jobs that demand digital skills, mostly because they cannot find people locally with the right skills. Only a few Ghanaians have the requisite digital skills experience beyond the basic use of a computer or tablet. Ghana alone will offer 9 million digital jobs and nearly \$4 billion in revenue potential through 2030. Numerous sources are confident there is substantial scope for continued demand for digital skills in the labour force. Nine million jobs requiring digital skills in 2030 will translate to nearly 20 million training opportunities¹⁵. Skills in Artificial Intelligence, data engineering and management, cloud management, cybersecurity etc. will be essential to support the development of digital economy without having to depend mainly on external labour. Same can be said about green skills. Ghana will need to drive technological transformation through the adoption of digital and green technologies in domestic, and other type of firms, but the supply of skills required for such transformation is a challenge.

Undersupply of green (environmentally non-harmful) and circular business: in Ghana, doing business has still a long way to go until it will be non-harmful to the climate and circular approaches become common. Waste disposal is a massive issue in the country, which suffers from widespread plastic pollution. Moreover, plastic shopping bags remain omnipresent and the roadside traders pack even the smallest items in (black) plastic bags which often end up littering waterways, ocean and beaches. There is no proper system for rubbish segregation nor disposal. Recycling initiatives are only recently making a timid appearance. Non-clean cooking methods (coal and wood) are often used, especially by the poorer parts of society. These societal practices are unsustainable, often unhealthy, and require a change if Ghana wishes to contribute to combating climate change.

Specific challenges in the Creative and Heritage industries: The creative and heritage industries in Ghana suffer from a significant lack of resources and investment. Limited access to finance constrains the possibilities for expansion and growth of these industries, including the very basic needs down to adequate professional equipment and spaces for creative/artistic production and exhibition. In the creative industries, artists are also limited in their opportunities for professionalization, with little avenues for skills development and the absence of formal education in many creative fields (e.g. animation, DJ'ing, fashion). Skills and training are therefore acquired in informal settings, further restraining possibilities to attract serious investors and access financial resources. Funding and visibility opportunities are often limited to one-off events rather than sustainable in nature, further hampering the ability of creatives to grow their businesses and expand their audience, including at international level. While the music industry is an exception in this regard, Ghanaian musicians often turn to international record labels due to lack of development and opportunities at domestic level. This implies the need to support businesses and entrepreneurs across the creative

¹³ Ghana Digital Economy Diagnostic, Stocktaking Report, the World Bank, 2019, p. 85;

¹⁴ Idem;

¹⁵ IFC Digital skills in Sub-saharan Africa: Spotlight on Ghana

value chain, from artists themselves to production and marketing organisations. These specific types of organisations/companies are often interesting opportunities of employment for young women.

In the heritage sector, the main challenge remains bridging the gap between preservation/restoration of heritage sites and artefacts, and the development of Ghana's nascent tourism industry. While the Government of Ghana and private sector stakeholders have shown recent interest in boosting the national tourism industry by investing in new and better infrastructure and services (hotels, e-visas...), less attention has been given to the specific needs of the heritage sector. In fact, Ghana's heritage sites are a unique touristic attraction and their conservation and promotion are therefore essential to attracting more tourism. However, this will require more comprehensive investment in the heritage industry, from training of expert staff (conservators, guides, curators) to a long-term approach to heritage conservation and promotion. The recent re-opening of Ghana's National Museum is a step in this direction, but also shows the need for greater expertise in this sector.

Common to both creative and heritage industries is the widespread public perception of these industries as non-profitable. Changing this mind-set is also essential to creating a conducive environment for development and expansion of these sectors. Creative and heritage industries provide unique opportunities for value creation. The creative sector in Ghana offers a dynamic, motivated and talented pool of creatives, waiting to scale up existing initiatives and launch collaboration and partnership initiatives (e.g. creative hubs). Moreover, supporting the heritage sector serves as an extension of ongoing government initiatives to boost the tourism industry. By addressing the challenges outlined above, Ghana's rich creative environment and unique heritage may develop into a successful cultural economy providing sustainable livelihoods for many.

Specific landscape of the Healthcare industry:

The National Health Policy (Ministry of Health, 2020)¹⁶ identifies various strategies that could be adopted to improve Ghana's health sector, particularly responding to health care service delivery. The policy objectives reiterate Ghana's commitment to achieving Universal Health Coverage (UHC).

A review of the mid-year performance using routine data from District Health Information Management System (DHMIS2), shows that essential services utilisation and coverage had improved remarkably due to the gradual easing of the COVID-19 restrictions, which paved way for the sick to visit healthcare facilities for care. In response to increase demand for essential service over the years, the Ministry of Health continued to adopt an all-inclusive government and private sector approach aimed at strengthening vital health services and core capacity development at different levels of the sector¹⁷.

Improved national capacity for effective disease surveillance is a major priority for the sector. This is demonstrated by the nationwide rollout of the Surveillance Outbreak Response Management and Analysis System (SORMAS), an application tool for data capture for priority diseases especially COVID -19 and the deployment of the national eHealth project aimed at digitizing health data for continuity of care.

In response to issues of emergency readiness and management, the experiences from the health system's management of the emergence of epidemics and pandemics such as COVID-19 and disaster situations have raised questions about the health system's readiness and capacity to manage such and other emergency situations.

Given the lessons learnt from the COVID-19 vaccine shortage and the fact that the country and the sub-region are heavily reliant on various vaccines for their population, the Government of Ghana has committed itself to an ambitious plan of making Ghana a vaccine manufacturing hub. Its goal is to produce a first batch of COVID-19 vaccines by 2023 and to scale-up into the production of 13 other vaccine for the country and the sub-region¹⁸, including anti-snake serum and vaccines for tuberculosis, diphtheria, poliomyelitis, measles, rubella, tetanus. Having attained a lower middle-income country status, Ghana no longer qualifies for free or subsidised vaccine support programmes. The country is expected to exit from the GAVI programme in 2027.

¹⁶ National Health Policy (Revised Edition) January 2020 also online https://www.moh.gov.gh/wp-content/uploads/2020/07/NHP_12.07.2020.pdf-13072020-FINAL.pdf

¹⁷ 2021 Holistic Assessment Report – Ministry of Health

¹⁸ The Chair of the Ghana Vaccine Manufacturing Committee, Prof. Frimpong Boateng, made this public at a Stakeholders' meeting on 27th August 2021 at Alisa Hotel in Accra. See: <https://ghanatoday.gov.gh/health/ghana-to-produce-covid-19-vaccines-by-2022-prof-frimpong-boateng/>

As part of its commitment, the Government of Ghana has set-up a Presidential Vaccine Manufacturing Committee (VMC), which is expected to evolve into a Vaccine Manufacturing Institute that will oversee the development of the vaccine industry in Ghana. The VMC has developed a national vaccine policy and authored a 10-year roadmap for the realization of this objective. Ghana is a TEI MAV+ frontrunner country and has assets, notably a relatively advanced regulatory authority and several pharmaceutical companies, including the DEK consortium (vaccines) and several medicines manufacturers. Ghana is an exporter of medicines in the sub-region. The DEK consortium has a potential industrial solution (an onsite mission should explore and confirm it).

The structure of the action with one arm on PFM and another on PSD is relevant, as sustainability and robustness of the pharma market will come from PFM (including public procurement, effective spending and transparency) while the PSD component and the TEI + MAV+ would provide the health private sector with the right enabling environment.

With Ghana transitioning out of Gavi and having to purchase its own vaccines in the medium term, it will be important to combine the private sector development with advancing the local demand for locally produced goods, and this should be done in the context of the actual Ghanaian health system and better public expenditures.

One particular way of **enabling and facilitating trade in pharmaceuticals is through effective implementation of Ghana's Free Trade Agreements, notably the EPAs**. This will eliminate further trade barriers (tariff and non-tariff), capitalise on existing market access tools, and foster international supply chain security for local manufacturing of pharmaceutical products in Ghana.

As regards **pharmaceutical sector digitalisation**, on July 21st, 2022, GoG launched the National Electronic Pharmacy Platform (NEPP), making Ghana, as announced, part of the booming new global pharmaceutical digital economy, which is expected to grow at a compound annual rate of 19.5% from 2022 to 2030. According to GoG's vision, NEPP will boost pharmaceutical sales and generate revenue that can be channelled into research and other medical developments. GoG hopes for the increasing adoption of digital technologies and e-commerce, especially in the healthcare sector, to propel overall growth¹⁹.

Identification of main stakeholders and corresponding institutional and/or organisational issues (mandates, potential roles, and capacities) to be covered by the action:

For the PFM activities linked to special objective 1, the following stakeholders will be considered:

From the Government side, Ministry of Finance (MoF), Public Procurement Authority (PPA), Internal Audit Agency (IAA), Ghana Audit Service (GAS), Ministry of Gender, Children and Social Protection (MoGCSP), Ministry of Education, Ministry of Health, Environmental Protection Agency (EPA), Ministry of Environment, Ministry of Lands and Natural Resources. Civil Society Organisations will implement some of the activities. They have developed a solid expertise in PFM notably on citizen engagement in the budget execution and reporting framework. Specific attention should be paid whenever possible to involve CSOs representing women, youth and the people most left behind.

As far as the specific objective on green, digital and more inclusive private sector development is concerned, the government of Ghana (GoG) stakeholders include: Ministry of Trade and Industry (MoTI), Ministry of Communications and Digitalisation (MoCD), Ministry of Health (MoH), Food and Drugs Authority (FDA), Ministry of Tourism, Arts and Culture (MoTAC), Ghana Investment Promotion Centre (GIPC), Ghana Exports Promotion Authority (GEPA), Ministry of Environment, Science and Technology (MEST), Environmental Protection Agency (EPA), Ministry of Employment and Labour Relations (MELR). On the private sector side, stakeholders include the Association of Ghana Industries (AGI), Ghana National Chamber of Commerce (GNCC); several business support organisations: technology centres, incubators, accelerators, hubs and representatives of civil society, such as Social Enterprise Ghana, or the Social Enterprise Development Foundation (SEND) Ghana.

¹⁹ Ghana Business and Financial Times, 21 July 2022, p. 11.

3 DESCRIPTION OF THE ACTION

3.1 Objectives and Expected Outputs

The Overall Objective (Impact) of this action is to have a more inclusive, greener and digitalised Ghanaian society and economy.

SO1: Improve gender and green responsiveness, transparency and accountability, including social demand-side accountability, of Public Finance Management in Ghana.

SO2: Develop a greener, digitalised and more inclusive private sector in Ghana (including in the creative and heritage, healthcare and pharmaceutical industries).

Outputs contributing to SO1:

1. Enhanced PPA, GAS, and IAA/S capacity and mechanisms, management and oversight functions for competitive public procurement, and internal and external audit practices.
2. Enhanced capacity of government public financial management system actors in gender and climate-responsive budgeting.
3. Strengthened capacity of CSOs to engage in social/demand-side accountability processes

Outputs contributing to SO2:

1. Improved access to innovative and inclusive finance for digital, green, and circular initiatives (including health and pharmaceutical, creative and heritage industries);
2. Improved and inclusive business regulatory environment and ecosystem for digital, green, and circular entrepreneurs (including health and pharmaceutical, creative and heritage industries);
3. Enhanced capacity of entrepreneurs to apply green and digital technologies in product development and commercialisation in all supported sectors.

3.2 Indicative Activities

SO 1: Improve gender and green responsiveness, transparency and accountability, including social demand-side accountability, of Public Finance Management in Ghana

Activities related to output 1:

- 1.1 Support the enhancement of the technical and operational capacities of GAS with digital solutions in the areas of Oracle and Audit Command Language, in addition to the development, among others, of GAS audit manuals for financial, performance, forensic, value-for-money and special audits, with the requisite training, to effectively and efficiently conduct external audits for better accountability, including in the climate and environmental fields.
- 1.2 Support the implementation and institutional structure development of the new Internal Audit Service, build the necessary capacity in this direction, develop skill base of IAA/S quality review control at all levels, support Audit Committees in the discharge of their duties and support the development of the digital platform coupled with related trainings. All these are to enhance operational and managerial efficiency and effectiveness of IAA/S's in a digital environment.
- 1.3 Support PPA to link the Standard Audit Procurement Framework (SPAF) to the Audit Management Information System (AMIS) of GAS and of IAA, build capacity and trainings of procurement officers, and provide support to implement sustainable public procurement (SPP), all these to improve procurement competitiveness.

Activities related to output 2:

- 2.1 Develop gender-responsive budgeting manuals, provide training for budget officials of Ministry of Finance and targeted budget institutions (pilot institutions) and develop and enhance existing annual budget guidelines (budget call circulars) to specifically include gender-related issues and provide training on how to prepare gender budget statements (to be annexed to the annual budget proposals) for targeted budget institutions (pilot institutions).

- 2.2 Develop climate-responsive budgeting manuals coupled with the necessary training and capacity building for Ministry of Finance budget officials as well as targeted institutions and enhance the existing budget guidelines (budget call circulars) with specific focus on the inclusion of climate change issues, including training on the preparation of climate-responsive budget statements (as an annex to the main annual budget proposals) for targeted budget institutions.

Activities related to output 3:

- 3.1 Develop public education and awareness campaigns on the use of public funds/resources with CSOs including women organizations and organisations representing communities most left behind, whenever possible.
- 3.2 Strengthen social accountability by supporting CSO's, including women's organizations and organisations representing communities most left behind, whenever possible, to conduct advocacy and citizens' engagement on matters related to public financial management.

SO2: Develop a greener, digitalised and more inclusive private sector in Ghana (including in the creative and heritage, healthcare and pharmaceutical industries).

Activities related to output 1:

- 1.1 Catalyse seed, early stage and acceleration finance to improve innovative, sustainable financing channels for the green, circular and digital private sector (including culture, heritage and health and pharmaceutical industries).
- 1.2 Increase the use of digital-enabled solutions to unlock access and availability of financial services for private sector.
- 1.3 Improve Ghanaian youth and women-led start-ups and SMEs' "investment readiness".

Activities related to output 2:

- 2.1 Work to resolve key business regulatory constraints for flourishing of digital, green and circular, inclusive MSMEs (including culture, heritage, healthcare and pharma industry).
- 2.2 Strengthen the business ecosystem support structures (GIPC, GEPA, GNCC and AGI, selected incubators/accelerators/technology centres) to support development of an inclusive digital, green and circular Ghanaian private sector.

Activities related to output 3:

- 3.1 Build capacity of entrepreneurs to apply digital solutions that would enhance business growth of MSMEs.
- 3.2 Build capacity of entrepreneurs to apply new technologies associated with climate resilience, resource efficiency, circular production, green technologies, pharmaceutical production etc.
- 3.3 Reinforce the collaboration between entrepreneurs & researchers / accelerators & academia to bring value and maximize impact on both sides.

The commitment of the EU's contribution to the TEIs to which this action refers, will be complemented by other contributions from Team Europe members. It is subject to the formal confirmation of each respective member's meaningful contribution as early as possible. In the event that the TEIs and/or these contributions do not materialise, the EU action may continue outside a TEI framework.

3.3 Mainstreaming

Environmental Protection & Climate Change, Circular and Green Economy

The action intends to adjust current Public Financial Management (PFM) practices to support environment and climate-sensitive policies, through the development of sustainable procurement practices in the country. At the same time the action will support initiatives aiming at adapting existing PFM practices to make them environment and climate sensitive, and support the Government to meet its national and international commitments through the development of the appropriate structures to effectively track GoGs and other development partners expenditures to climate change. The PSD component of the action will strive to support green and circular SMEs through access to green finance and capacity building for green business models that help protect the environment and deter climate change.

Outcomes of the SEA screening

The Strategic Environmental Assessment (SEA) screening concluded that no further action was required.

Outcomes of the EIA (Environmental Impact Assessment) screening

The EIA (Environment Impact Assessment) screening classified the action as Category C (no need for further assessment).

Outcome of the CRA (Climate Risk Assessment) screening

The Climate Risk Assessment (CRA) screening concluded that this action represents no or low risk (no need for further assessment).

Gender equality and empowerment of women and girls

As per the OECD-DAC Gender equality policy marker identified in section 1.1, this action is labelled as G1. This implies that gender will be mainstreamed into the support programme. The action intends to support the rollout of gender responsive budgeting into the Government of Ghana's budget and reporting cycles. Specific attention will also be given to providing equal opportunities for women and men to participate in training programmes in line with SGD-5. The PSD activities of the action will in addition, streamline women economic empowerment throughout, as its objective is inclusivity of women (and youth). The Logframe will be sex-disaggregated.

Digitalisation

The PSD-related actions highlight digitalisation of business among the principal objectives. In particular, the output "Improved and inclusive business regulatory environment and ecosystem for digital, green, and circular entrepreneurs (including health and pharmaceutical, creative and heritage industries)"; as well as the output focussing on the use of green and digital technologies in product development and commercialisation. These will come with specific activities that shall result in an increased digitalisation of the Ghanaian private sector.

All PFM activities will be implemented by harnessing the potential of digital solutions, in particular supporting the development of the needed IT tools and building related capacity.

Research on topics addressed by this Action

Research on the topics addressed by this Action may also assist in providing more targeted policy response, particularly as regards the potential for private sector development of a digital, circular and green economy as well as the pharmaceutical and health sector, which may then be mainstreamed into the implementation of the action. These studies and analysis may also take into account contributions from the Horizon Europe framework programme on research and innovation supporting evidence-based research on how to provide possible innovative solutions to support private sector development in the areas covered by the Action, in order to support sustainable and inclusive business development in Ghana.

Human Rights

Public Financial Management is a cross-cutting issue. Therefore, strengthening PFM offers a good basis for providing equal opportunities to all persons without discrimination. The same stands for inclusive private sector development. The proposed action guarantees equal rights to all persons. Training and capacity building programmes will ensure that everyone is accorded the same rights and opportunities. The action will apply a human rights-based approach by respecting the following principles: respect of all human rights, participation, non-discrimination, accountability, and transparency in all phases.

Disability

As per OECD Disability DAC codes identified in section 1.1, this action is labelled as D1. This implies that persons with disability will be given equal opportunities in all training and capacity building programmes. Ghana has promulgated the Persons with Disability Act, 2006 (Act 715), mandating all public institutions to provide equal opportunities and access to persons living with disabilities. Therefore, programme implementers will ensure that training venues and other activities will be easily accessible to persons with disabilities (PWDs), including communication and advocacy that take cognisance of PWDs. Where necessary, digital solutions will be used to ensure that PWDs obtain optimum benefit.

Democracy

Social accountability through civil society organisations (CSOs), which this action intends to support, provides a platform for citizens engagement, which strengthens democracy by way of encouraging free-speech and holding public officials accountable (demand-side accountability). Therefore, this action foresees strengthening democracy through CSOs advocacy.

Conflict sensitivity, peace and resilience

There is no direct contribution of this action to conflict sensitivity, peace and resilience. However, a weak PFM system provides a fertile ground for poor transparency and accountability, eventually leading to increase in corruption, thereby threatening peace and security²⁰.

Disaster Risk Reduction

Lessons learned from the outbreak of COVID-19 pandemic has brought to bear the need to factor e-learning as an option for rolling out training and capacity building programmes envisaged in the action. Therefore, online learning platforms will be an option to reduce future risk.

Other considerations if relevant

None

3.4 Risks and Lessons Learnt

Category	Risks	Likelihood (High/ Medium/ Low)	Impact (High/ Medium/ Low)	Mitigating measures
External environment	Change in political administration in January 2025 after the December 2024 general elections may slow down the programme in terms of redirecting focus to PFM support	Low	Low	GoG has a 5-year (2022-2026) PFM reform strategy, which will continue in the event of change in political administration after the 2024 general elections. Actions to be supported are linked to PFM strategy. Also, grants to independent public institutions, not directly affected by change in political power. PSD Component of the action shall not be affected by change in political administration, as private sector is the beneficiary, and public sector stakeholders are at operational, not political, level.
People and organisation	Low absorption capacity of key stakeholders to be supported	Low	Low	A Technical Assistance (TA) service contract is part of this action, as to provide technical support to GAS, IAA/S and PPA in developing annual actions plans. This will improve absorption capacity. It is a low risk for the PSD Component of the action, as private sector beneficiaries of the action, it is expected they will be keen to understand the capacity building provided, as it may substantially improve their livelihoods.
People and organisation	High staff turnover, affecting continuation and sustainability of action	Medium	Medium	Action places a lot of emphasis on expansion of existing train-the-trainer support programmes to ensure sustainability.

²⁰ See for example 'Corruption as a Threat to Stability and Peace', Transparency International, 2014 (https://ti-defence.org/wp-content/uploads/2016/03/2014-01_CorruptionThreatStabilityPeace.pdf)

Lessons Learnt:

Below are lessons learnt from past development programmes:

- Low absorption capacity of government institutions mainly because of bureaucracies within the government sector, making it difficult to meet strict development partner compliance measures in financing agreements – this is mitigated by developing simple programmes/actions.
- Ownership of programmes by government institutions is a major concern – this is mitigated by involving government officials during the initial design phase to ensure complete government buy-in. Also, avoid the imposition of programmes, as this has a high tendency of failure. Further, programme should be simple and without complexities.
- Retaining of staff remains a big challenge. In most cases trained staffs are either transferred or resign in search for better opportunities – this is reduced by ensuring that programme has a lot of train-the-trainer components to ensure sustainability.
- There is low desire for trained staff to learn and adapt to changes within a short time – this can be reduced by including mainstreaming change management into programme design. Also, public sector reform is a good way to accompany change management for staff.
- Government institutions, even within the same environment and sector, work in silos; they are best at protecting their own. This can be mitigated by ensuring that programme design includes linkages among multiple institutions as a way of encouraging coordination especially during preparation and implementation of annual activity plans.
- Development partner funding to Ghana is facing significant decline; therefore, programme design should ensure the inclusion of activities that can be sustained and consolidated when donor funding comes to an end.

3.5 The Intervention Logic

For the Public Finance Management activities which aims to strengthen and consolidate Ghana's accountability, transparency and oversight framework of public institutions, in addition to mainstreaming gender into the national budget and reporting systems, the underlying intervention logic is the following:

If the management and oversight functions of Public Procurement Authority (PPA) is enhanced, consolidated and sustained, **then** the public procurement systems will be more competitive, transparent, accountable, and climate responsive.

If the technical capacities of Ghana Audit Service is strengthened and consolidated, **then** the external audit mandate of GAS will deliver a more robust system to improve public accountability and reduce corruption.

If the management and operational capacities of Internal Audit Agency/Service are enhanced, **then** public accountability will be improved, leading to corruption preventive measures.

If gender responsive budgeting is introduced into public sector budgeting and reporting framework, **then** a well-structured accountability mechanism will be created to support gender equality.

If civil society organisations representing all the segments of the society are strengthened through citizens' engagement and advocacy, **then** demand-side accountability will be enhanced to force government to be transparent and accountable.

As far as concerns the **Private Sector Development activities** which aim to green and digitalise the Ghanaian private sector, as well as to make it more inclusive of women and youth, the underlying intervention logic is the following:

If the Ghanaian private sector's access to finance is increased, **then** the economic growth will be supported through positive impacts on entrepreneurship and employment.

If the Ghanaian business regulatory environment and ecosystem is strengthened, **then** private sector will find it easier to get started and scale up.

If the Ghanaian private sector is inclusive of women and youth, **then** the economic growth will be increased as more people will find economic opportunities.

If the Ghanaian private sector's capacity to run green, circular and digitalised business is improved, ***then*** the economy will be more sustainable and internal as well as external markets more accessible.

If sustainable (green and circular) and inclusive production and service providing practices are in place, ***then*** the Ghanaian private sector will be more innovative and competitive, while at the same time preserving the environment.

If means to do business are more digitalised, ***then*** the internal and external markets will be better accessible and business yields will increase.

3.6 Logical Framework Matrix

This indicative logframe constitutes the basis for the monitoring, reporting and evaluation of the intervention.

On the basis of this logframe matrix, a more detailed logframe (or several) may be developed at contracting stage. In case baselines and targets are not available for the action, they should be informed for each indicator at signature of the contract(s) linked to this AD, or in the first progress report at the latest. New columns may be added to set intermediary targets (milestones) for the Output and Outcome indicators whenever it is relevant.

- At inception, the first progress report should include the complete logframe (e.g. including baselines/targets).
- Progress reports should provide an updated logframe with current values for each indicator.
- The final report should enclose the logframe with baseline and final values for each indicator.

The indicative logical framework matrix may evolve during the lifetime of the action depending on the different implementation modalities of this action.

The activities, the expected Outputs and related indicators, targets and baselines included in the logframe matrix may be updated during the implementation of the action, no amendment being required to the Financing Decision.

Be Results	Results chain (e): Main expected results (maximum 10)	Indicators (e): (at least one indicator per expected result)	Baselines (values and years)	Targets (values and years)	Sources of data	Assumptions
Impact	To have a more inclusive, gender, greener and digitalised Ghanaian society and economy.	1 PEFA assessment scores, gender (GRPFM) and climate responsive (PEFA) PFM assessment ratings and tools 2 Number of green and digital entrepreneurs who obtained support from the action	1 PEFA scores (2018) whenever available 2 Nil	1 Improved PEFA and GRPFM scores (2024-2025) 2 TBD	1 PEFA, GRPFM and climate responsive assessment report 2 Programme implementation reports	<i>Not applicable</i>
Specific Objective 1 Outcome 1	Improve gender and green responsiveness, transparency and accountability, including social demand-side accountability, of Public Finance Management in Ghana.	1.1 Number of activities undertaken to strengthen GAS, PPA (including a MAPs PEFA assessment) and IAA/S oversight functions for better accountability as well as strengthen efficiency and effectiveness. 1.2 Number of advocacy and campaign materials developed and citizens' engagement and media campaigns organised by CSOs (including women and youth organisations) on social accountability. 1.3 Number of gender and climate related activities included in the revised/updated budget guidelines (budget call circular) with key performance indicators + Number of MDAs piloted for the implementation of	1.1. 2018 PEFA (C+ for PI 26 and B+ for PI-30, C+ for PI-24) + 2018 PEFA Report 1.2. Nil 1.3. Nil	(2024/2025) for All 1.1. Quality reporting (internal and external and procurement audit) for improved accountability and improved PEFA scores (PI-24, PI-26 and PI-30) 1.2 TBD (2024/2025) 1.3 Five (2024/2025)	1.1 Auditor-General, IAA audit reports; PPA annual reports and MAPs + Next PEFA and MAPs assessments 1.2. Copies of campaign and advocacy materials developed + Attendance lists; reports on citizens engagements; number of media campaigns organised. 1.3. Updated budget guidelines (budget call circular) from MoF and gender and climate budget statements annex to annual budget proposals of ministries of education, health, GAS, PPA, and IAA/S (for gender) and environment, land and natural	Government will continue with PFM reforms irrespective of change in political administration after 2024 general elections

		gender and climate responsive budgeting in targeted budget institutions			resources and environmental protection agency (EPA) (for climate)	
Output 1 related to Outcome 1	Enhanced PPA, GAS, and IAA/S capacity and mechanisms, management and oversight functions for competitive public procurement, and internal and external audit practices.	<p>1.1.1 Number of Tools/manuals on quality assurance developed in line with new organisational structure of IAA/S after passage of new law and new audit manuals developed and rolled out</p> <p>1.1.2 Number of stakeholder engagements for a) the development of new legislative instruments for IAA/S after passage of new law and number of copies of IAA/S law and legislative instruments printed and disseminated by way of public sensitisation; b) SPP alignment with GAS and IAA AMIS</p> <p>1.1.3 Number of GAS, IAA and PPA technical staff trained on external, internal audit and procurement audit and procurement needs (of which at least 30% are women</p> <p>1.1.4 Procurement of Audit Command Language (ACL) for GAS and Audit Management Information System (AMIS) E2E for IAA plus accompanying IT tools if needed.</p>	<p>1.1.1. Nil</p> <p>1.1.2. Nil</p> <p>1.1.3. Nil</p> <p>1.1.4. Nil</p>	<p>1.1.1 Among others FAM21, PAM22, ITAM23, CAM24 and the ones determined for IAA.</p> <p>1.1.2 60 per meeting for 10 meetings + 10000 copies/ 2000 participants.</p> <p>1.1.3 1100 GAS staff, 3000 IAA staff, 19500 Committee Audit Members and 4000 Procurement officers (3000 on SPP); 1000 from the three institutions on SPAF</p> <p>1.1.4 One set of ACL plus one set of E2E</p>	<p>1.1.1. Copies of new manuals and tools</p> <p>1.1.2. Minutes of meetings/engagement copies of IAA/S law and legislative instrument.</p> <p>1.1.3. Attendance lists; training report.</p> <p>1.1.4. Shipping documents; goods received notes (GRN)</p>	Government will continue to resource independent government institutions such as GAS, IAA and PPA to perform its constitutional and legal functions
Output 2 related to Outcome 1	Enhanced capacity of government public financial management system actors in gender and climate-responsive budgeting.	<p>2.1.1 Number of gender and climate responsive budgeting manuals developed</p> <p>2.1.2 Number of MoF staff trained on new/updated budget guidelines with specific requirement on gender and climate responsive budgeting</p> <p>2.1.3 Number of MoF budget staff and piloted institutions (education, health, PPA, GAS, IAA/S) trained on how to</p>	<p>2.1.1. Nil</p> <p>2.1.2. Nil</p> <p>2.1.3. Nil</p>	<p>2.1.1 TBD (2024/2025)</p> <p>2.1.2. TBD (2024/2025)</p> <p>2.1.3. TBD (2024/2025)</p>	<p>2.1.1 Copies of gender an climate responsive budget manuals</p> <p>2.1.2. Attendance lists; training reports</p> <p>2.1.3 Attendance lists; training reports</p>	Government willing to pursue reforms to mainstreaming a gender perspective into PFM

²¹ Financial Audit Manual

²² Performance Audit Manual

²³ IT Audit Manual

²⁴ Compliance Audit Manual

		prepare gender budget statements and number of MoF staff and piloted institutions (ministries of environment, lands and environmental protection agency) trained on how to prepare climate responsive budget statements.				
Output 3 related to Outcome 1	Strengthened capacity of CSOs to engage in social/demand-side accountability processes	3.1.1 Number of CSOs campaign materials developed 3.1.2 Number of media engagements organised 3.1.3 Number of town hall meetings organised by CSOs to create public awareness	2.2.1 Nil 2.2.2 Nil 2.2.3 Nil	2.2.1. TBD (2024/2025) 2.2.2 TBD (2024/2025)	2.2.1. Copies of campaign materials developed 2.2.2. Attendance lists; reports on media engagements held 2.2.3. Attendance lists; reports on public engagements	Civil Society Organisations willing to continue with play their role in social accountability
Specific Objective 2 (outcome 2):	Develop a greener, digitalised and more inclusive private sector in Ghana (including in the creative and heritage, healthcare and pharmaceutical industries)	2.1 Number of SMEs that obtained green finance through the programme (of which at least 30% are women-led) 2.2 Number of private sector companies that, through support provided by the action, started to either offer green products, or services, or use green (mitigating impact on climate) technologies to run their business 2.3 Number of private sector companies that, through support provided by the action, started to either offer digital products, or services, or use digital technologies to run their business	Nil	Gender disaggregated wherever possible	Implementing partner's project documentation	
Output 1 Related to outcome 2	Improved access to innovative and inclusive finance for digital, green, and circular initiatives (including health and pharmaceutical, creative and heritage industries);	1.1.1 Number of entrepreneurs supported who accessed green finance products (of which at least 30% are women) through the action 1.1.2 Number of private sector companies that through the action benefited from digital solutions (supported under the action) to access finance 1.1.3 Number of entrepreneurs who received training on 'Investment Readiness' through the action	Nil	TBD (gender disaggregated)	Implementing partner's project documentation	

Output 2 Related to outcome 2	Improved and inclusive business regulatory environment and ecosystem for digital, green, and circular entrepreneurs (including health and pharmaceutical, creative and heritage industries);	2.1.1 Call to action established (consolidated plan of legislative reforms) through the action, to unlock green and digital private sector (including health and pharma, creative and heritage industries) 2.1.2 Number of participants to events (investment events, B2Bs, trade and investment fairs of green and digital business) organised with business support organisations through the action	Nil	TBD (gender disaggregated)	Implementing partner's project documentation	
Output 3 Related to outcome 2	Enhanced capacity of entrepreneurs to apply green and digital technologies in product development and commercialisation in all supported sectors.	3.1.1 Number of private sector entrepreneurs who through the action received training on digital business administration methods (in particular young, women and from North of Ghana) 3.1.2 Number of entrepreneurs who, through the action, received training on new technologies associated with climate resilience, resource efficiency, circular production etc. green technologies (in particular young, women and from North of Ghana). 3.1.3 Number of researchers that through the action got connected with entrepreneurs for joint ventures in green, circular and digital technologies	Nil	TBD (gender disaggregated) 3.1.2 also disaggregated by sector	Implementing partner's project documentation	

4 IMPLEMENTATION ARRANGEMENTS

4.1 Financing Agreement

In order to implement this action, it is envisaged to conclude a financing agreement with the Republic of Ghana.

4.2 Indicative Implementation Period

The indicative operational implementation period of this action, during which the activities described in section 3 will be carried out and the corresponding contracts and agreements implemented, is 60 months from the date of entry into force of the financing agreement.

Extensions of the implementation period may be agreed by the Commission's responsible authorising officer by amending this Financing Decision and the relevant contracts and agreements.

4.3 Implementation of the Budget Support Component

Not applicable

4.4 Implementation Modalities

The Commission will ensure that the EU appropriate rules and procedures for providing financing to third parties are respected, including review procedures, where appropriate, and compliance of the action with EU restrictive measures²⁵.

4.4.1 Direct Management (Grants)

Grants: (direct management)

a) Purpose of the Grant

The grants will contribute to achieving specific objective 1 of this action.

b) Type of applicants targeted

Non-profit organisation/s with a sound level of technical competence, experience and expertise in the highly specialised field of Public Financial Management tracking and ranking as well as publishing financial and management performance of public institutions.

Public bodies, such as GAS, IAA/S, and PPA, that aim to improve transparency and strengthen accountability within governmental systems, with *de jure* monopoly in their domains and with a sound expertise in PFM.

c) Justification of a direct grant

Under the responsibility of the Commission's authorising officer responsible, the recourse to an award of a grant without a call for proposals is justified because the entities should have exclusive competence in the field of the activity. Article 195, cases c) and f) of the Financial Regulation stipulate that the beneficiaries should have a *de jure* or *de facto* monopoly. The action requires public bodies having the mandate to implement the activities, and the non-profit organisation/s having a high level of technical competence while being locally reputable. The entities would be selected using the following criteria:

- The public bodies need to be semi-autonomous / independent government institutions without direct interference from GoG in terms of administration, operations and financial management.
- The public bodies must be permitted to receive funds/grants from any local and/or international organizations or agencies.
- The public bodies need to be legally granted the *de jure* monopoly to carry out the activities described in the action, notably harmonising all public procurement processes, holding the executive accountable

²⁵ www.sanctionsmap.eu. Please note that the sanctions map is an IT tool for identifying the sanctions regimes. The source of the sanctions stems from legal acts published in the Official Journal (OJ). In case of discrepancy between the published legal acts and the updates on the website it is the OJ version that prevails.

on a more frequent basis through daily internal audit functions to ensure compliance and reduce corruption and carrying out mandatory financial, performance, forensic, and other external audits as required by law, and report same to Parliament annually and/or as and when requested by Parliament.

- The non-profit organisation/s will be legally established in Ghana, specialised in scrutinising all fiscal and financial data of all public institutions, tracking the efficient use of public funds, identifying financial irregularities, ranking these public institutions in order of performance, and publishing the results of its findings for public use, thereby providing meaningful factual basis for citizens to hold public officials and institutions accountable.

4.4.2 Indirect Management with an entrusted entity

Actions related to PSD (SO2) may be implemented in indirect management with a Pillar assessed entity, which will be selected by the Commission's services using the following criteria:

i) Sound experience with support to private sector in Africa; ii) Core mandate in the area of the action (component of this programme)); iii) Experience supporting green and digital entrepreneurs and ecosystem players; iv) experience developing access to finance opportunities for digital and green private sector; v) Operational capacity, value addition, transparency and absence of conflict of interest; vi) capacity to mobilise funds to possibly co-finance the action; vii) experience in pharma and other health industries, viii) complementarity with the EFSD+ Open Architecture actions to avoid fragmentation and reinforce knowledge management and impact.

If an entity with strong expertise across all the three outputs of the PSD Component cannot be found, the Commission may select different implementing partners that possess the best expertise in a given area. When possible, implementing partners should be able to cooperate and to promote joint implementation.

4.4.3 Indirect Management with the Partner Country

A part of this action with the objective of **consolidating and sustaining transparency, oversight and accountability in the use of public fund through digitalisation and gender / GEWE mainstreaming** may be implemented in indirect management with the Republic of Ghana according to the following modalities:

The partner country will act as the contracting authority for the procurement procedures. The Commission will control ex- ante all the procurement procedures.

Payments are executed by the Commission.

The partner country shall apply the Commission's rules on procurement. These rules will be laid down in the financing agreement to be concluded with the partner country.

Overview of implementation

Activity/objective/Output, include location	Type of financing (works, supplies, or service contract, grant, programme estimate)
Activities related to output 1 and output 2	Procurement

The contracting authority for these activities shall be the Ministry of Finance of the Republic of Ghana.

4.4.4 Changes from indirect to direct management mode (and vice versa) due to exceptional circumstances (one alternative second option).

If, for reasons beyond the control of the Commission, the activities identified for indirect management in section 4.4.2 or 4.4.3 cannot be implemented in indirect management, the Action may be implemented in direct management through procurements.

4.5 Scope of geographical eligibility for procurement and grants

The geographical eligibility in terms of place of establishment for participating in procurement and grant award procedures and in terms of origin of supplies purchased as established in the basic act and set out in the relevant contractual documents shall apply.

The Commission's authorising officer responsible may extend the geographical eligibility on the basis of urgency or of unavailability of services in the markets of the countries or territories concerned, or in other duly substantiated cases where application of the eligibility rules would make the realisation of this action impossible or exceedingly difficult (Article 28(10) NDICI-Global Europe Regulation).

4.6 Indicative Budget

Indicative Budget components	EU contribution (amount in EUR)	Third-party contribution, in currency identified
Implementation modalities – cf. section 4.4		
Specific Objective 1 – Improve gender and green responsiveness, transparency and accountability, including social demand-side accountability, of Public Finance Management in Ghana.	11 725 000	
Indirect management with the Republic of Ghana - cf. section 4.4.3	5 600 000	
Grants (direct management) - cf. section 4.4.1	6 125 000	
Specific Objective 2 - Develop a greener, digitalised and more inclusive private sector in Ghana (including in the creative and heritage, healthcare and pharmaceutical industries);	14 725 000	
Indirect management with an entrusted entity - cf. section 4.4.2	14 725 000 ²⁶	
Evaluation(s) - cf. section 5.2	400 000	N.A.
Audit(s) – cf. section 5.3	150 000	
Contingencies	0	N.A.
Totals	27 000 000	

²⁶ Including: indirect management or other options for the health and pharmaceutical industry.

4.7 Organisational Set-up and Responsibilities

As part of its prerogative of budget implementation and to safeguard the financial interests of the Union, the Commission may participate in the below governance structures set up for governing the implementation of the action.

The programme implementation of the PFM activities will be managed by the Ministry of Finance and the EUD.

Close collaboration will be sought with the three key beneficiaries (Ghana Audit Service, Internal Audit Agency/Service, and Public Procurement Authority), that will assign focal points to follow up on for this particular programme. Representatives of civil society organisation(s) contracted to implement the social accountability aspect of the action will be nominated for the programme.

Programme Steering Committee (PSC):

A high-level steering committee should be set up to oversee and validate the overall direction of the programme and provide guidance for its implementation. It will be made up of:

- Representatives of each of the main stakeholders of the programme (Ministry of Finance as the lead government agency in PFM reforms as well as aspect relating to gender responsive budgeting, Ghana Audit Service, Internal Audit Agency/Service, Public Procurement Authority and CSO(s));
- Representatives of the Ministry of Finance;
- Representatives of the EUD;
- Representatives of relevant Development Partners involved in the PFM sector and the co-chair of the PFM Sector Working Group.

The PSC will be co-chaired by the European Union and the Ministry of Finance. It will meet at least twice a year and take stock of activities implemented and also discuss and approve any changes to activities in line with overall objectives of the action.

In addition, a **Technical Implementation Committee (TIC)** will be established. The TIC will meet at least once a month to review progress of activities outlined in the annual work plan and advise the high-level programme steering committee accordingly. In addition to the monthly TIC meetings, ad hoc meetings could also be organised in the event that urgent matters arise for discussion. The membership of the technical implementation committee shall include the Programme Coordinator, EU PFM programme officer, component managers from Ghana Audit Service, Internal Audit Agency/Service, Public Procurement Authority, CSO(s), and the Technical Assistance team leader.

The PSD activities of the action will be implemented by a pillar assessed organisation(s), which will manage the programme's implementation, with full involvement and follow up of the EUD Ghana and INTPA HQ.

PSD Programme Steering Committee will be established and comprise key stakeholders of the programme: the EUD, MoTI, MoF, MoCD, MoH, MoTAC, possibly other ministries, GIPC, AGI, GEPA, and the business support ecosystem organisations (yet to be selected).

The EU Delegation to Ghana and MoTI will be the Co-Chairs of the Steering Committee. It will meet at least twice a year and take stock of activities implemented and also discuss and approve any changes to activities in line with overall objectives of the action.

4.8 Pre-conditions

Not applicable

5 PERFORMANCE MEASUREMENT

5.1 Monitoring and Reporting

The day-to-day technical and financial monitoring of the implementation of this action will be a continuous process, and part of the implementing partner's responsibilities. To this aim, the implementing partners shall establish a permanent internal, technical and financial monitoring system for the action and elaborate regular progress reports (not less than annual) and final reports. Every report shall provide an accurate account of implementation of the action, difficulties encountered, changes introduced, as well as the degree of achievement of its results (Outputs and direct Outcomes) as measured by corresponding indicators, using as reference the logframe matrix (for project modality) and the partner's strategy, policy or reform action plan list (for budget support).

The Commission may undertake additional project monitoring visits both through its own staff and through independent consultants recruited directly by the Commission for independent monitoring reviews (or recruited by the responsible agent contracted by the Commission for implementing such reviews).

Roles and responsibilities for data collection, analysis and monitoring:

The action will ensure that there is a systematic monitoring and reporting system covering the overall programme, as well as specific M&E systems to capture each component's own progress towards implementation. The M&E system will properly integrate gender considerations to ensure that there is correct reporting with information disaggregated by sex and age. The setting of the M&E systems will be agreed upon in close association between EUD and each implementing partner. Regular M&E documentation will be provided by the implementing partner (bi-annually or quarterly) to ensure a comprehensive follow-up and assessment. This will include financial monitoring of programme activities to key beneficiaries (GAS, IAA/S, and PPA) including CSO(s). To this end, an M&E specialists and financial management specialist should form part of the team of experts from the Technical Assistance firm to be contracted to support the implementation of the action.

5.2 Evaluation

Having regard to the importance of the action, mid-term and final evaluation will be carried out for this action or its components via independent consultants contracted by the Commission. The **mid-term evaluation** will be carried out for problem solving and learning purposes, in particular with respect to determining the degree to which the action is on track and where changes may be required in order to meet its intended objectives. The **final evaluation** will be carried out for accountability and learning purposes at various levels (including for policy revision), taking into account in particular the degree to which activities may continue to be supported under any potential future support. The Commission shall inform the implementing partner at least three months in advance of the dates envisaged for the evaluation missions. The implementing partner shall collaborate efficiently and effectively with the evaluation experts, and inter alia provide them with all necessary information and documentation, as well as access to the project premises and activities. The evaluation reports shall be shared with the partner country and other key stakeholders following the best practice of evaluation dissemination. The implementing partner and the Commission shall analyse the conclusions and recommendations of the evaluations and, where appropriate, in agreement with the partner country, jointly decide on the follow-up actions to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. Evaluation services may be contracted under a framework contract. Expert PFM evaluators shall be contracted to carry out the evaluations.

Evaluation services may be contracted under a framework contract.

5.3 Audit and Verifications

Without prejudice to the obligations applicable to contracts concluded for the implementation of this action, the Commission may, on the basis of a risk assessment, contract independent audit or verification assignments for one or several contracts or agreements.

6 STRATEGIC COMMUNICATION AND PUBLIC DIPLOMACY

The 2021-2027 programming cycle will adopt a new approach to pooling, programming and deploying strategic communication and public diplomacy resources. It will remain a contractual obligation for all entities implementing EU-funded external actions to inform the relevant audiences of the Union's support for their work by displaying the EU emblem and a short funding statement as appropriate on all communication materials related to the actions concerned. This obligation will continue to apply equally, regardless of whether the actions concerned are implemented by the Commission, partner countries, service providers, grant beneficiaries or entrusted or delegated entities such as UN agencies, international financial institutions and agencies of EU member states. However, action documents for specific sector programmes are in principle no longer required to include a provision for communication and visibility actions promoting the programmes concerned. These resources will instead be consolidated in Cooperation Facilities established by support measure action documents, allowing Delegations to plan and execute multiannual strategic communication and public diplomacy actions with sufficient critical mass to be effective on a national scale.

Appendix 1 REPORTING IN OPSYS

An Intervention²⁷ (also generally called project/programme) is the operational entity associated to a coherent set of activities and results structured in a logical framework aiming at delivering development change or progress. Interventions are the most effective (hence optimal) entities for the operational follow-up by the Commission of its external development operations. As such, Interventions constitute the base unit for managing operational implementations, assessing performance, monitoring, evaluation, internal and external communication, reporting and aggregation.

Primary Interventions are those contracts or groups of contracts bearing reportable results and respecting the following business rule: 'a given contract can only contribute to one primary intervention and not more than one'. An individual contract that does not produce direct reportable results and cannot be logically grouped with other result reportable contracts is considered a 'support entities.' The addition of all primary interventions and support entities is equivalent to the full development portfolio of the Institution.

The present action identifies as

Action level		
<input checked="" type="checkbox"/>	Single action	Present action: all contracts in the present action
Contract level		
<input type="checkbox"/>	Single Contract 1	
<input type="checkbox"/>	Single Contract 2	
<input type="checkbox"/>	Single Contract 3	
<input checked="" type="checkbox"/>	Group of contracts 1	<foreseen individual legal commitment (or contract) 1> <foreseen individual legal commitment (or contract) 2> <foreseen individual legal commitment (or contract) #>

²⁷ [ARES \(2021\)4204912](#) - For the purpose of consistency between terms in OPSYS, DG INTPA, DG NEAR and FPI have harmonised 5 key terms, including 'action' and 'Intervention' where an 'action' is the content (or part of the content) of a Commission Financing Decision and 'Intervention' is a coherent set of activities and results which constitutes an effective level for the operational follow-up by the EC of its operations on the ground. See more on the [concept of intervention](#).