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THIS ACTION IS FUNDED BY THE EUROPEAN UNION

ANNEX

of the Commission Decision on an individual measure in favour of the Republic of Ghana

Action Document for EU budget support in response to COVID-19 crisis

1. Title/basic act/ CRIS number	Emergency EU budget support in response to COVID-19 crisis in Ghana CRIS number: GH/FED/042-839 financed under the 11 th European Development Fund (EDF)	
2. Zone benefiting from the action/ location	Ghana	
3. Programming document	National Indicative Programme (NIP) 2014-2020 for Ghana ¹	
4. Sustainable Development Goals (SDGs)	Main SDG(s): SDG 1 No Poverty SDG 8 Decent work and economic growth Other significant SDG(s) SDG 5 Gender equality and empower all women and girls SDG 10 Reduce inequalities SDG 17 Partnerships for the goals	
5. Sector of intervention/ thematic area	Fight against Poverty Governance/Public Finance Management Business Climate/Investment Environment Health	DEV. Assistance: YES ²
6. Amounts concerned	Total estimated cost: EUR 87 000 000 Total amount of EDF contribution EUR 87 000 000	
7. Aid modality and implementation modality	Budget Support Direct management through: State Building and Resilience Contract	
8 a) DAC code	51010 General Budget Support	
8 b) Main Delivery Channel	12000 – Recipient government	

¹ Commission Decision C(2014)3660 final of 12/06/2014 on the adoption of the National Indicative Programme between the European Union and Ghana.

² Official Development Aid is administered with the promotion of the economic development and welfare of developing countries as its main objective.

9. Markers (from CRIS DAC form)	General policy objective	Not targeted	Significant objective	Principal objective
	Participation development/good governance	<input type="checkbox"/>	<input type="checkbox"/>	X
	Aid to environment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Gender equality and Women's and Girl's Empowerment	<input type="checkbox"/>	X	<input type="checkbox"/>
	Trade Development	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Reproductive, Maternal, Newborn and child health	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Disaster Risk Reduction	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Inclusion of persons with disabilities	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Nutrition	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	RIO Convention markers	Not targeted	Significant objective	Principal objective
	Biological diversity	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Combat desertification	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change mitigation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
	Climate change adaptation	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
10. Internal markers	Policy objectives	Not targeted	Significant objective	Principal objective
	Digitalisation			
	Migration			
	COVID response			X

1 BACKGROUND AND CONTEXT DESCRIPTION

1.1 Context and problem description

The 'Emergency EU budget support in response to COVID-19 crisis in Ghana' of EUR 87 000 000 is a new budget support programme (fixed tranche only) assembled by the EU to mitigate against the devastating effects of the coronavirus (COVID-19) crisis in Ghana. The absence of variable tranches in this new action reflects the emergency and exceptional nature of this disbursement and is designed to complement all other actions by the EU Member States and other donors to address the USD 2 billion fiscal and revenue gap in Ghana as projected by the International Monetary Fund (IMF) in April 2020.

This new action is fully in line with the National Indicative Programme (NIP) 2014-2020 between the European Union and Ghana.

The COVID-19 outbreak pandemic officially reached Ghana on 12/03/2020 and is impacting the country severely. Ghana shut its borders on 21/03/2020 and imposed a partial lockdown on the main urban centres and economic strongholds of Greater Accra, Greater Kumasi and Kasoa, for three weeks, from 30/03/2020 to 20/04/2020. The negative social and economic impacts of the global COVID-19 outbreak were noticed in early 2020, with the slowdown of financial exchanges between Ghana and China and continue to worsen with significant shortfalls in petroleum receipts, import duties, other tax revenues, increased health-related expenditures and tight financing conditions being observed.

While it is clear that the social and economic consequences on Ghana will be negative for both men and women, emerging evidence on the impact of COVID-19 suggests that women's

economic and productive lives will be affected disproportionately and differently from men. Across the globe, women earn less, save less, hold less secure jobs, and are more likely to be employed in the informal sector. They have less access to social protections and are the majority of single-parent households. Their capacity to absorb economic shocks is therefore less than that of men.

On 30/03/2020, the Ministry of Finance laid before Parliament a statement on the economic impact of the COVID-19 pandemic on the economy of Ghana, in which the Government announced a series of fiscal measures, including a Stimulus Package to counter the considerable negative economic consequences of the health crisis. With these measures, the Government is seeking to protect economic growth and alleviate the social impact of the crisis. In parallel, the Government is also seeking to reduce expenditures, including Capital Expenditures. This statement to Parliament represents the first outline of a ‘Coronavirus Alleviation Programme’ (CAP) and is the only consolidated document available to date which summarises the Government’s response strategy to the COVID-19 crisis. The CAP will have a focus on protecting against job losses, protecting livelihoods and supporting small business.

Under preparation is the ‘Ghana COVID-19 Emergency Preparedness and Response Plan (EPRP)’. The EPRP will seek to strengthen coordination of preparedness activities, strengthen the capacity of regions, prioritise health facilities and points of entry to prevent and rapidly detect, investigate and control any COVID-19 outbreak, strengthen national capacity for laboratory surveillance and diagnosis, build capacity for early diagnosis, case management, infection prevention and control, ensure that minimum health logistics are in place in prioritised regions, points of entry for preparedness and laboratory capacity are sustained for timely and quality testing of COVID-19 samples and increased public awareness of COVID-19 risk mitigation and response measures.

The gravity of the global economic crisis affecting Ghana led to the Government’s request of an IMF Rapid Credit Facility (RCF). On 13/04/2020, the International Monetary Fund approved a RCF disbursement of USD 1 billion to Ghana to address the urgent fiscal and balance of payments needs. The IMF underscores that *‘The authorities’ response (...) is focused on increasing health and social spending to support affected households and firms’*. Moreover, the timely and proactive response of both the Ministry of Finance, focusing on public health preparedness measures, partial lockdowns, and a targeted economic relief package, plus the Bank of Ghana’s measures to contain the impact of the COVID-19 pandemic released in mid March, have been all well perceived by the IMF.

The World Bank is also developing a USD 350 000 000 Emergency Development Policy Operation (DPO) with a Policy and Results Matrix, which includes 8 prior actions classified under 3 pillars: 1) Reinforce the crisis response framework for better health outcomes and protecting the poor and vulnerable (3 actions), 2) Strengthen support to Small and Medium Sized Enterprises (SMEs) and rapid economic recovery (3 actions), 3) Support fiscal management and debt transparency through the crisis (2 actions). The matrix includes expected results (indicators, baseline and target) for each prior action.

Prior to COVID-19, Germany approved a EUR 40 000 000 Budget Support loan to Ghana designed to reinforce and mirror the EU’s existing budget support to Ghana addressing support and reform of the business climate. Ghana is a member of the G20 Compact with Africa. EU Member States present in Ghana, plus the EU Delegation, are working closely together and with the Government to help address and alleviate the impact of the crisis.

1.2 Other areas of assessment

1.2.1 Fundamental values

Ghana has demonstrated commitments to fundamental values. Nonetheless, the following issues call for regular dialogue and monitoring:

- Ghanaian society is strongly rooted in customary law and progress is still required for human rights to be accepted and shared as fundamental rights by all. Key examples of slow progress in human rights in the country are the status of children's rights and discrimination due to sexual orientation. On the implementation of economic and social rights, the gap between the legal framework and its translations into concrete achievements remains high. Despite this, basic human rights in Ghana are guaranteed by the Constitution and generally respected. Ghana has signed and ratified most existing human rights instruments including International Labour Organization (ILO) conventions and there is credible political will from all ends of the political spectrum to honour all previously signed and ratified instruments.
- The executive has strong and, in some areas, exclusive powers to the extent that there are few countervailing control and oversight systems in place on the performance of the Government. The overwhelming role of the executive affects all decision making and weakens, in some cases, state institutions. For example, Article 108 of the Constitution notably prevents Parliament from initiating any legislation that could have budgetary implications; therefore, Parliament is not only unable to determine its own budget, making it submissive to the Minister of Finance, but is inhibited from initiating its own legislation.
- On the rule of law, challenges remain in providing adequate and sufficient legal services to the citizens of Ghana, including public awareness and equal access to justice. The Justice for All Programme (JFAP) is now being funded by the Government, with judicial panels held in some selected prisons. The task force reviewing the cases of prisoners on remand has resulted in a drastic reduction in the overall numbers of prisoners on remand. The Law Court Complex launched the e-Justice system and is currently piloting the Paperless Court System as part of Ghana's e-Transform Programme. Over the last years, many investigations have been launched, but few sanctions have been issued. Reducing impunity would be an important step in restoring public confidence in the country's judicial system. Furthermore, although judicial independence in Ghana is constitutionally and legally enshrined, corruption amongst members of the judiciary has been regarded as concerning. Nonetheless, the new Government has made accountability a priority and set-up a special prosecution department for corruption as a first concrete realisation.

Although the above issues are concerning and are being monitored by the Delegation, it is important to note that Ghana overall, is a democracy that respects political freedom and civil liberties. Freedom House, for example, rates Ghana 36 out of 40 on Political Rights (with 40 being the best) and 47 out of 60 on Civil Liberties.

1.2.2 Macroeconomic policy

Ghana has been implementing stability-oriented policies for many years. In April 2019, the International Monetary Fund reported positively on the successful completion of the Extended Credit Facility (ECF). The October 2019 Article IV consultations confirmed the favourable macroeconomic outlook for the medium term, while highlighting the risks from politically motivated slippages in the run-up to the 2020 elections. Based on the latest available estimates, and according to IMF projections, the COVID-19 crisis is expected to hit the country as follows:

- The impact on gross domestic product (GDP) growth is set to drop from the target of 6.4% to 1.5% in 2020.
- Petroleum receipts, import duties, other tax revenues, the cost of the preparedness plan and the cost of Coronavirus Alleviation Programme is expected to be around 2.5% of revised GDP.
- The fiscal deficit will increase from the programmed 6.4% of GDP to 9.5% of revised GDP.
- The primary balance of payments will worsen from an expected deficit of 1.8% GDP to a deficit of 4.1% of GDP.
- The impact on commodity prices (petroleum and cocoa) will result in significant shortfalls, particularly for petroleum revenues for the 2020 fiscal year. However, the increase in the price of gold (USD 1479/toz in December 2019 to USD 1621.6/toz as of 30 March 2020) will likely impact positively on the Balance of Payments and receipts from mineral royalties, but only marginally when compared to the expected losses in oil and other revenues.
- A decline in remittances is expected to negatively affect Ghana's household income and public finances. While the negative impact is still unknown, 2019 remittances to Ghana are estimated to be 5% of GDP.
- The exchange rate for Ghana's Cedi (CHS) versus the main international currencies remains uncertain. While the drop of imports is welcome news for Ghana's national currency, the Bank of Ghana's attempts at providing liquidity to the market, in combination with various market disruptions, might result in inflationary pressure on the Cedi.
- A negative impact on investments is expected due to the uncertainty the pandemic has caused in Ghana's economy. A short to mid-term decline is expected on local, regional and Foreign Direct Investments (FDI) with AKER Energy and Volkswagen already postponing investment plans bound for Ghana.
- Declines in trading volumes due to disruptions in global value chains and parallel economic crises to Ghana's export markets (EU, China, India, US). The hospitality industry, construction businesses, aviation, education services and value chains related to agriculture are all expected to be negatively impacted. A significant negative, impact is expected to affect the majority (80% of the economy) of the informal sector and Micro, Small and Medium Enterprises (MSMEs.)

The **Minister of Finance's Statement to Parliament on the Economic Impact of the COVID-19 pandemic on the Economy of Ghana** on 30/03/2020 announced a series of fiscal measures to cope with the crisis, notably:

- Establishment of a Coronavirus Alleviation Programme (CAP), as highlighted above, to facilitate economic recovery.
- Lowering of the cap on the Ghana Stabilisation Fund (GSF) from the current USD 300 000 000 to USD 100 000 000. The excess amount is planned to be transferred to Ghana's Contingency Fund for tackling the crisis.
- Adjusting expenditures on Goods & Services and Capital Expenditures downwards by GHS 1.2 billion.
- Amending the Petroleum Revenue Management Act (PRMA) to allow for the withdrawal from the Ghana Heritage Fund to support the COVID-19 response (there is an estimated USD 591.1 million in the Fund).

- Engagement with commercial banks to provide a syndicated facility of GHS 3 billion to support key industries; to grant a six-month moratorium on principal repayments for selected businesses; and to reduce interest rates by 200 basis points, also to increase credit supply to the private sector.
- The main tax measures include: extension of the due dates for filing tax returns from the standard 4 months to 6 months after the end of the base year; a waiver of taxes on selected withdrawals from third-tier pensions funds; a waiver of value-added tax (VAT) on donation of stock equipment and goods for fighting the COVID-19 pandemic; grant of deduction against income tax for private sector contributions and donations made towards addressing the COVID-19 pandemic; the granting of a penalty waivers on principal tax liabilities owed by taxpayers who redeem their outstanding liabilities by 30 June 2020; and tax payers are encouraged to pay their taxes by bank transfers.

With the above measures reflected in the fiscal framework, the IMF forecast a revised fiscal deficit of 9.5% GDP and a primary balance deficit of 4.1% of GDP. The authorities have already received USD 1 billion in financial support from the IMF under the RCF and expect an additional support of USD 350 000 000 from the World Bank (WB) through the Development Policy Operation. Close monitoring of the situation will be performed in coordination with the IMF, the WB and all EU and non-EU development partners. In conclusion, the response to the crisis is assessed as relevant and credible to restore key macroeconomic balances.

1.2.3 Public Financial Management (PFM)

Ghana has demonstrated progress in Public Finance Management (PFM) and Domestic Revenue Mobilisation (DRM) through the following key reforms:

- Progress in PFM: A new PFM Act was passed in 2016 and new PFM Regulations were adopted in March 2019. The latest PFM Strategy and its related action plan were formulated for the period 2015 to 2018 and have expired. However, the World Bank Public Finance Management Reform Programme (PFMRP) is also assisting the Government to draft a new PFM Reform Strategy which is expected to be made available by the end of Q2 2020.
- Progress in DRM: In the reports of the ECF and in the last Article IV consultation (October 2019), the IMF emphasised the need to improve DRM as a key element for growth and stability. The Government has employed a number of measures to increase revenue mobilisation: the Ghana Revenue Authority (GRA) has agreed a medium-term reform plan (the third GRA Strategic Plan, covering 2019-2021) in order to tackle the lack of reliable taxpayer data, the GRA has enlarged the implementation of the tax administration's IT system which now covers all GRA offices; the number of registered taxpayers has more than doubled from 990,000 in December 2017 to over 2 000 000 on 1 January 2019.

The latest Public Expenditure and Fiscal Accountability (PEFA) assessment for Ghana was conducted in 2018 and was uploaded onto the Ministry of Finance's website in August 2019. The findings demonstrate Ghana's PFM capacity to act in a credible and transparent manner.

Cash management efficiency envisaged in Performance Indicator (PI) 21.1 (consolidation of cash balances) received a B. The Treasury Single Account (TSA) set up in 2017 provided an opportunity to view and consolidate cash balance on a regular basis, and to deal with cash management challenges. Improvements in the consolidation of Ghana's owned cash balance

have occurred in the functioning of the TSA. This has made it possible to transfer some Government bank accounts to the Bank of Ghana (BoG), providing the Government with a better cash management framework.

The PEFA assessment report on procurement efficiency and accountability scored overall with a C+. The analysis comprises several dimensions. PI-24.1 (procurement monitoring) scores D. This is a low score, that refers to the poor performance of the Public Procurement Authority (PPA) due to provisional data provided during the time of the assessment. The EU supports the PPA with capacity development and revision of the procurement framework with the PFM Support Programme (2019-2021). PI-24.3 (public access to procurement information) scored a B as 5 out of the 6 key documents are made available to the public in a timely manner through the PPA website.

The compliance with rules and procedures (PI-25.3) scores a B, as 95% of the payments were authorised in advance and complied with rules and procedures. The mandatory workflow process for a payment request, before being disbursed to a beneficiary built into the Ghana Integrated Financial Management Information System (GIFMIS), has strengthened the effectiveness of the separation of the different activities in the payment process.

Scores for Internal Audit activities (PI-26) was low with a C+ in the time of the assessment. PI-26.2 (nature of audits and standards applied) scores a C due to the fact that Internal Audit is mainly focused on financial compliance rather than systemic audit. The EU is supporting the improvement of the systemic audit through the PFM Support Programme. Response to internal audit has been positively assessed by the PEFA (B).

It is a positive signal that timely monthly financial statements within 15 days of the end of the month were issued by the Controller and Accountant General Department and published on its website, scoring an A in the dimension concerning the timing of in-year reports (PI-28.2). However, the coverage and comparability of these reports scores a C, as the statement at the time of the assessment, did not include expenditures funded by the retained portions of the Internal Generated Funds (IGF). The reports included donor project spending, but with the assumption of being the same as the amounts of donor loans and grants.

Finally, the External Audit scores a B. Audit coverage and standards (PI-30.1) scores a B. Submission of audit report to the legislature (PI-30.2) scores a B. External audit follow-up B (PI-30.3), and Supreme Audit Institution Independence (PI-30.3) scores an A.

The actions being undertaken to implement the PFM Act of 2016 remain relevant and credible, and progress towards a new reform framework, although delayed, is now satisfactory. The PFM system and its institutions are improving performance and, according to the PEFA assessment, central government is progressing in the fields of internal and external audit. However, the crisis context will require close monitoring of exceptional spending and procurement procedures. In addition, the EU Delegation will monitor the progress in the implementation of actions to address Anti-Money Laundering/Counter-Terrorism Financing (AML/CTF), as outlined in the Action Plan the authorities agreed with the Financial Action Task Force (FATF).

1.2.4 Transparency and oversight of the budget

The entry point is met, since the 2020 budgetary statement was published and budgetary information is generally accessible, timely, comprehensive, and sound. External audit and control are also performed.

In the last Open Budget Index – Open Budget Survey (OBI /OBS) 2019, Ghana improved its score for transparency from 50/100 in 2017 to 54/100. This improvement is mainly due to the fact that the in-year reports were made available to the public on time (in 2017 the in-year reports were published late). This result placed Ghana in the middle of the ‘Limited Information Available’ category (scoring between 41/100 and 60/100). Even so, Ghana is well ahead of other countries in the West Africa region, the next being Sierra Leone with a score of 39/100. However, the legislature and the supreme audit institution in Ghana provide limited oversight during the budget process, with a composite oversight score of 50 (out of 100). Taken individually, the extent of each institution’s oversight is 44 for the legislative oversight and 61 for the audit service. The audit oversight has improved significantly from its previous score 40 in 2017 to 61/100 in the 2019 report.

This crisis context will require a close monitoring of exceptional procedures for budget amendments, preparation, approval and oversight. New budget projections for 2020 have been calculated by the IMF, based on the information provided by the Minister of Finance in the recent Statement to Parliament on the Economic Impact of the COVID-19 pandemic on the Economy of Ghana. The achievement of the new fiscal and financial objectives will require close monitoring of the International Financial Institutions and Development Partners.

2 RISKS AND ASSUMPTIONS

Risks	Risk level (H/M/L)	Mitigating measures
Political	M	Political Dialogue including issues such as corruption.
Macroeconomic	M	The policy dialogue on macroeconomic and fiscal issues including accountability, participation and transparency is maintained with the IMF, the WB and the EU, through article IV missions and budget support operations. The policy dialogue on domestic revenue mobilisation is maintained and strengthened with Development Partners through DRM subgroup of the PFM Sector Working Group.
Developmental	M	Donor coordination is strengthened. Communication with the Ministry of Finance (MoF) is improved with regular meetings between senior officials and the Heads of the Cooperation Group.

Risks	Risk level (H/M/L)	Mitigating measures
		COVID-19 Emergency Preparedness and Response Plan is closely monitored.

Public Finance Management	M	<p>The policy dialogue and monitoring of the PFM reform strategy process is maintained with Development Partners through the PFM Sector Working Group. This will include safeguards to increase the transparency of using COVID-19 funds, such as publication of expenditure reports, ‘real time’ audits or increased targeted ex-post controls.</p> <p>Respect to procedures for adopting a supplementary budget, such as for increasing of total expenditures in crisis is monitored.</p> <p>Progress to implement the remainder of Ghana’s AML/CFT Action Plan agreed with FATF is monitored. This will also be included in the policy dialogue.</p>
Corruption	M	<p>The ongoing EU Technical Assistance PFM support programme funded under the 11th EDF NIP, which tackles weakness in the oversight and scrutiny of public institutions, will continue to work towards its final objectives. Beneficiary institutions include: the Internal Audit Agency, Ghana’s Audit Services and the Public Procurement Authority. The involvement and participation of Civil Society Organisations (CSOs) can also be key to improving transparency and accountability.</p>
Assumptions		
<ul style="list-style-type: none"> • Ghana will remain a stable democracy and political leadership will be strong. • The Government’s commitment to finalise the PFM reform strategy in 2020 will remain a priority. • The Government will endeavour to control the fiscal deficit and improve the macroeconomic environment through an improvement of domestic revenue and control of expenditures. • Coordination amongst development partners is harmonised and effective. • Policy Dialogue in PFM, including on the main macroeconomic concerns and DRM is maintained regularly and effectively. 		

3 COMPLEMENTARITY, SYNERGY AND DONOR COORDINATION

In the EU response to the crisis, synergies are sought between this programme and the following operations:

- The International Monetary Fund's USD 1 billion disbursement to Ghana to address the COVID-19 Pandemic under the Rapid Credit Facility.
- The World Bank's USD 350 million COVID-19 Crisis Response Emergency Development Policy Operation.

Donor coordination in the context of the COVID-19 crisis has helped made significant progress, in several meetings between the Minister of Finance (and senior officials) and Development Partners (with substantial development cooperation portfolios: the IMF, the World Bank, the United States Agency for International Development (USAID), the UK Department for International Development (DFID), Canada, Switzerland, Japan, Korea and the UN system) at Heads of Mission and Heads of Cooperation levels. Heads of Cooperation meet on a monthly basis, and now weekly, in the COVID-19 context. Close coordination will be ensured between the EU and these entities.

For the purpose of ensuring complementarity, synergy and coordination, the Commission may sign or enter into joint donor coordination declarations or statements and may participate in donor coordination structures, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union.

4 DESCRIPTION OF THE ACTION

The action consists of a new emergency EU budget support contract of EUR 87 000 000 (fixed tranche only) assembled to mitigate against the devastating effects of the COVID-19 crisis in Ghana. It is designed to complement all other actions by the EU Member States and other donors.

For that purpose, this new EU budget support contract will provide further macro-economic stability to Ghana for financial transfers, policy dialogue, performance assessment and capacity development.

EU policy dialogue will be based, not only on the Risk Management Framework elements outlined above, but also on the performance indicators of the past EU Sustainable Development Goals (SDG) Budget Support Contract and the EU Decentralisation Budget Support Contract – two contracts which are partially decommitted for the purpose of this new action. EU Policy Dialogue will also be based on the Gender Action Plan (GAP)³ indicators chosen by the EU Delegation.

³ Gender Equality and Women's Empowerment: Transforming the Lives of Girls and Women through EU External Relations 2016-2020 SWD(2015)182 final of 21.9.2015.

	Results chain	Indicator	Source and means of verification
Impact (Overall objective)	<i>The devastating effects of the coronavirus (COVID-19) crisis on growth in Ghana are mitigated</i>	<i>1) GDP Growth Rate</i>	<i>1) World Bank http://data.worldbank.org</i>
Outcome (s) (Specific objective(s))	<i>1) Negative macro-economic effects and disruptions within the economy are reduced 2) Public availability of accessible, timely, comprehensive and sound budgetary information is enhanced</i>	<i>1.1) Fiscal Deficit 1.2) Domestic revenues 1.3) Balance of payments deficit 2.1) PEFA Scores on PI-9</i>	<i>1.1), 1.2) 1.3) Ministry of Finance, Republic of Ghana www.mofep.gov.gh 2.1) World Bank PEFA scores for Ghana</i>
Induced Outputs	<i>IO1: The Coronavirus Alleviation Programme (CAP) for economic recovery targets a greater share of the affected population</i>	<i>1.1.1) Numbers of (a) households (b) MSMEs provided direct support from CAP</i>	<i>1.1.1) CAP regular reporting</i>
	<i>IO2: The tax administration's IT system (TRIPS) is expanded</i>	<i>2.1.1) Number of registered taxpayers on roll</i>	<i>2.1.1) Ghana Revenue Authority (GRA) TRIPS</i>
Direct Outputs	<i>DO1: Institutionalised policy dialogue in PFM including on the main macroeconomic and fiscal issues, particularly accountability and transparency, and domestic revenue mobilisation, is maintained regularly and effectively</i>	<i>1.1.1) Number of meetings held between EUD and GoG on policy matters</i>	<i>1.1.1) Minutes of relevant meetings</i>
	<i>DO2: Increased budgetary resources targeting efforts to tackle COVID-19 and mitigate its effects</i>	<i>2.1.1) Financial transfers (Euros) through single fixed tranche</i>	<i>2.1.1) Tranche receipts at Treasury</i>
	<i>DO3: Joint assessments monitor policy implementation in the targeted areas of support including the monitoring of the performance indicators of the past SDG Contract and Decentralisation Budget Support and Government's Covid 19 response</i>	<i>3.1.1) Number of joint GoG-EU performance assessments undertaken</i>	<i>3.1.1) Reports of Joint Assessments</i>

5 IMPLEMENTATION

5.1 Financing agreement

In order to implement this action, it is foreseen to conclude a financing agreement with Ghana.

5.2 Indicative implementation period

The indicative operational implementation period of this action, during which the activities will be carried out and the corresponding contracts and agreements implemented, is 24 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 Decision and the relevant contracts and agreements.

5.3 Implementation of the budget support component

5.3.1 Rationale for the amounts allocated to budget support

The amount allocated for the budget support component is EUR 86 500 000. This amount stems from the most recent forecasts of the fiscal impact of the crisis, which could result in shortfall of revenue and additional estimated spending due to the increase of the fiscal deficit from the programmed 6.4% of GDP (around EUR 4 080 million) to 9.5% (EUR 5 855 million) of revised GDP.

5.3.2 Criteria for disbursement of budget support

a) The general conditions for disbursement of all tranches are as follows:

- Satisfactory progress in the implementation of the COVID-19 policy response through the announced macroeconomic reforms and continued credibility and relevance thereof;
- Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances;
- Satisfactory progress in the implementation of reforms to improve public financial management, including domestic revenue mobilisation, and continued relevance and credibility of the reform programme;
- Satisfactory progress with regard to the public availability of accessible, timely, comprehensive and sound budgetary information.

In case of a significant deterioration of fundamental values, budget support disbursements may be suspended, reduced or cancelled, in accordance with the relevant provisions of the financing agreement.

5.3.3 Budget support details

The budget support component consists of EUR 86 500 000 of a fixed tranche to be disbursed indicatively during the first semester of 2020.

Budget support is provided as direct untargeted budget support to the national treasury. The crediting of the euro transfers disbursed into Ghana Cedi (GHS) will be undertaken at the appropriate exchange rates in line with the relevant provisions of the financing agreement.

5.4 Indicative budget

	EU contribution (in EUR)
Budget support	86 500 000
Evaluation-Audit/expenditure verification	100 000
Communication-visibility	400 000
TOTAL	87 000 000

5.5 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 above governance structures set up for governing the implementation of the action.

5.6 Performance and Results 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 partner 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 as measured by corresponding indicators, using as reference the simplified Logframe matrix (for project modality) available in section 4 or the partner's strategy, policy or reform action plan list (for budget support). It shall also assess how the action is affecting the realisation of human rights and gender equality, for which SDGs (at least 5 and 10) and GAP II indicators will be privileged.

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).

5.7 Evaluation

Having regard to the importance of the action, an ex-post evaluation(s) will be carried out for this action or its components via independent consultants contracted by the Commission.

The evaluation of this action may be performed individually or through a joint strategic evaluation of budget support operations carried out with the partner country, other budget support providers and relevant stakeholders.

The evaluation will be gender and human rights sensitive, assessing the impact on gender equality and human rights and the implementation of rights-based approach working principles (participation, non-discrimination, accountability and transparency).

The Commission shall inform the implementing partner at least 60 days in advance of the dates foreseen 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. 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.

5.8 Audit

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 audits or expenditure verification assignments for one or several contracts or agreements.

It is foreseen that audit services may be contracted under a framework contract.

5.9 Communication and visibility

Communication and visibility of the EU is a legal obligation for all external actions funded by the EU.

This action shall contain communication and visibility measures which shall be based on a specific Communication and Visibility Plan of the Action, to be elaborated at the start of implementation.

For the purpose of enhancing the visibility of the EU and its contribution to this action, the Commission may sign or enter into joint declarations or statements, as part of its prerogative of budget implementation and to safeguard the financial interests of the Union.

In terms of legal obligations on communication and visibility, the measures shall be implemented by the Commission, the partner country, contractors, grant beneficiaries and/or entrusted entities. Appropriate contractual obligations shall be included in, respectively, the financing agreement, procurement and grant contracts, and delegation agreements.

The Communication and Visibility Requirements for European Union External Action (or any succeeding document) shall be used to establish the Communication and Visibility Plan of the Action and the appropriate contractual obligations.