MEMORANDUM TO PARLIAMENT

BY

KEN OFORI-ATTA
MINISTER FOR FINANCE

ON A

US$150.0 MILLION CREDIT

FROM THE

INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) OF THE WORLD BANK GROUP

TO FINANCE

THE PUBLIC FINANCE MANAGEMENT FOR SERVICE DELIVERY PROGRAM

3RD NOVEMBER, 2022

TABLE OF CONTENTS

ATTACHMENT:
Negotiated Draft Financing Agreement

1.0 EXECUTIVE SUMMARY

1.1 PARLIAMENT DECISION REQUESTED

1. Parliament is respectfully requested to consider and approve a proposed, **One Hundred and Fifty Million United States Dollars (US$150.0 million)** credit from the International Development Association (IDA) of the World Bank Group to implement the Ghana Public Financial Management (PFM) for Service Delivery Program.

1.2 BACKGROUND INFORMATION

2. Ghana has a history of PFM reforms that dates back to over two decades ago. Specifically, the Public Financial Management Reform Program (PUFMARP) was implemented from 1997-2003, the Short-Term/Medium-Term Action Plan (ST/MTAP) in 2006-2009; The Ghana Integrated Financial Management System (GIFMIS) in 2010-2014; and the Public Financial Management Reform Project (PFMRP) in 2015-2020.

3. These reforms yielded some significant results. Prominent among them is the Public Procurement (Amendment) Act 2016 (Act 914); Ghana Revenue Authority Act, (2009), Act 791 that merged the three Revenue Agencies (Internal Revenue Service, Customs Excise and Preventive Service, and Value Added Tax). More recently, the PFM reforms have achieved the following:

i. Establishment of State Interests and Governance Authority (SIGA);
ii. Design and ongoing implementation of business intelligence data warehouse by Ghana Revenue Authority (GRA);
iii. Public Financial Management Act, 2016 & Public Financial Management Regulations 2019 LI 2378;
iv. GIFMIS rollout to MDAs, Metropolitan, Municipal, and District Assemblies (MMDAs), and;
v. Human Resource Management Information System (HRMIS) rolled out to all MDAs; and Support to roll-out of electronic procurement system (e-GP).

4. Despite these achievements, considerable challenges remain that affect the economy and the efficient delivery of public services. In the education sector, for instance, fragmented responsibilities for spending and the large wage bill have resulted in budget processes that do not support optimal service delivery. The large wage bill limits infrastructure investments in lagging regions. Additionally, inadequate sub-sectoral allocations coupled with insufficient focus on productivity enhancement in the agriculture sector also compounds the problem of agriculture under-investment. Finally, local Governments often do not have sufficient human and administrative capacity to effectively deliver services and are susceptible to corruption and patronage.

5. In response to these challenges, Government has designed a new PFM strategy (2022-2026) which was approved by the Ministry of Finance on April 5, 2022. The primary objective of the PFM Strategy, estimated at US300.0 million, is to help consolidate and sustain the gains from the PFM reforms undertaken over the last two decades and to address remaining PFM weaknesses. Government is partnering with the World Bank to implement a proposed PFM for Service Delivery Program designed to support Government's ***PFM Strategy* (2022-2026)**

6. The Program Development Objective of the PFM for Service Delivery is to, "*improve resource mobilization and allocation, budget execution and accountability which will, in turn, enable better public service delivery.* The object of the program would be achieved through Nine (9) Disbursement Link Indicators (DLIs) which are fully aligned with the PFM Strategy.

7. The Disbursement Linked Indicators are framed to increase tax receipts and compliance; enhance coordination and alignment of external finance; enhanced transparency of State Owned Enterprises (SOEs); improve management of public investments; improve preparation and implementation of annual budgets; and improve accountability and legislative oversights.

1.3 JUSTIFICATION FOR GOVERNMENT ACTION

8. The PFM for Service Delivery Program is in line with Government's broad objective of improving budget management, financial control and reporting of the country. The program will enhance fiscal discipline, strategic allocation of resources, and service delivery through strengthened systems and procedures and targeted capacity building.

9. Additionally, the program will support Government to implement the next phase of its PFM Strategy to address the remaining gaps to ensure that our PFM system is robust in delivering improvements in domestic resource mobilization and expenditure management. The interventions in the PFM for Service Delivery Program seek to improve domestic revenue mobilization; enhance expenditure and debt management; promote efficient delivery of public services among other interventions through the following four (4) Key Results Areas:

i. **Key Result Area 1: Improve Public Resource Mobilization.** The result area will support the Government program in improving public resource mobilization, which will lead to increased fiscal space.

ii. **Key Result Area 2: Improve Resource Allocation Consistent with Government Priorities.** The result area will support the PFM Strategy in improving resource allocation and involves managing subsidies/transfers to SOE sector.

iii. **Key Result Area 3: Improve Budget Execution and Accountability to Enable Better Service Delivery.** The result area will improve budget execution and accountability, and in turn, enable better service delivery.

iv. **Key Result Area 4: Strengthen Reforms Coordination and Stimulus for Change**. This result area ensures that PFM reforms implementation is effectively led through an adequate governance structure, an effective change management approach, a smooth coordination and progress reporting mechanism.

1.4 OPTIONS AND IMPACTS CONSIDERED

10. The following three (3) financing options were considered in preparing the program:

i. **Annual Budget Allocations**: The least cost path to financing this program is through the National Budget, thus domestically mobilising about US$37.0 million a year for this program. However, considering the challenges and uncertainties inherent in domestic revenue mobilization, particularly from an economy that is recovering from the Covid-19 pandemic, coupled with the substantial fiscal investment required, implementing this critical intervention through annual budget allocations is less favourable.

ii. **Fund Re-allocation from Existing Programmes:** This option explores the possibility of mobilizing resources from, preferably under-performing and less critical existing programs and projects. However, this option is largely constrained by (a) limited number of programs and projects primed for re-allocations; (b) consequences of such a restructuring and re-allocation on targeted beneficiaries and wider national efforts at recovery and revitalization.

iii. **IDA Financing:** The possibility of implementing the program with new financing especially from IDA was also considered. IDA has provided funding for similar PFM interventions such as the PUFMARP and PFMRP on flexible terms over the past years. IDA credits come with long maturity period, low interest rates, readily available and predictable funds and flexible disbursement and implementation arrangements.

11. **Recommended Option:** With the options considered, *new Financing from IDA* is the most favourable and recommended option in getting the programme implemented on time. It is highly concessional - long maturity period, low interest rate - guaranteed sustained financing that enables Government to meet this critical national development agenda. Although the option comes with some debt obligations, the successful implementation of the proposed PFM for Service Delivery Program will speed-up economic recovery and revitalization in a manner that will help to put government finances on a more sustainable path.

1.5 INTER-MINISTRY CONSULTATIONS RECORD

12. Key stakeholders have been extensively consulted. The Ministries, Departments and Agencies consulted include Ministry of Education, Office of the Attorney-General and Ministry of Justice, National Development Planning Commission (NDPC), The Parliament of Ghana, Ghana Revenue Authority (GRA), Ghana Audit Service (GAS), Internal Audit Service (IAS), Public Services Commission (PSC), Public Procurement Authority (PPA), Controller and Accountant-General's Department (CAGD) and State Interests and Governance Authority (SIGA).

13. The Program design, scope and implementation as well as monitoring and evaluation arrangements were among the key issues discussed and agreed upon during the consultations with stakeholders.

1.6 IMPLEMENTATION PLAN

14. The Ministry of Finance will be the lead implementing Ministry for the Program. The Program Coordination Office (PCO) of the PFMRP will be strengthened to coordinate the PFM for Service Delivery Program. The Program will adopt the core implementing structure of the PFMRP including the Program Director and core staff. The PFMRP teams in the CAGD and the Budget Division of the Ministry of Finance are retained as Project Implementation Units (PIUs) under the Program. In addition, the External Resource Mobilization and Economic Relations, Public Investment and Assets Divisions of the Ministry, GRA, and SIGA will be upgraded to function as PIUs.

15. The Program Director, supported by a PFM Coordinator, will report directly to the Chief Director of the Ministry of Finance. Additional staff and Change Management Facilitators will be engaged by the PCO. The Program would benefit from the change Management Facilitators to be deployed by the PCO to the participating entities to support day-to-day implementation of PFM reforms and solve implementation issues as they arise.

16. The Program is scheduled to be implemented over a period of five (5) years (2022-2027).

1.7 LEGISLATION/REGULATORY PLAN

17. The Program does not envisage the enactment of new legislations or amendments to existing legislation. Program implementation will be guided by the provisions of the Public Financial Management Act, 2016 (Act 921); Public Services Commission Act, 1994 (Act 482); Internal Audit Agency Act, 2003 (Act 658) and the Ghana Audit Service Act, 2000 (Act 584).

1.8 FINANCIAL IMPLICATION

18. The total financing of US$150.0 million for the Program will be provided as Credit on IDA blend terms as follows:

Repayment Period	25 years
Grace Period	5 years
Maximum Commitment Charge	0.5 - One-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
Service Charge	1.31% - sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment (+56bps) to the Service Charge on the Withdrawn Credit Balance.
Interest Charge	1.35% - sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge (+10bps) on the Withdrawn Credit Balance.

19. The financing has a grant element of 26.0% and covers the full cost of the proposed activities.

1.9 COMMUNICATION PLAN

20. In line with Government's commitment to improve access to information, an elaborate Communication Plan has been developed to guide the implementation of the PFM for Service Delivery Program. The relevant stakeholders and interested public would be engaged through electronic and print media, sensitization workshops, community durbars, and regular stakeholder meetings.

1.10 CONCLUSION

21. Considering the prospects of the PFM for Service Delivery Program in enabling full recovery and revitalisation of the economy through improved resource mobilization, allocation, accountability and a more efficient public service delivery, Honourable Members of Parliament are respectfully requested to consider and approve the proposed **One Hundred and Fifty Million United States Dollars (US$150.0 million)** Credit from the International Development Association.

....

KEN OFORI-ATTA
MINISTER FOR FINANCE

2.0 ANALYSIS DOCUMENT

2.1 CONTEXT

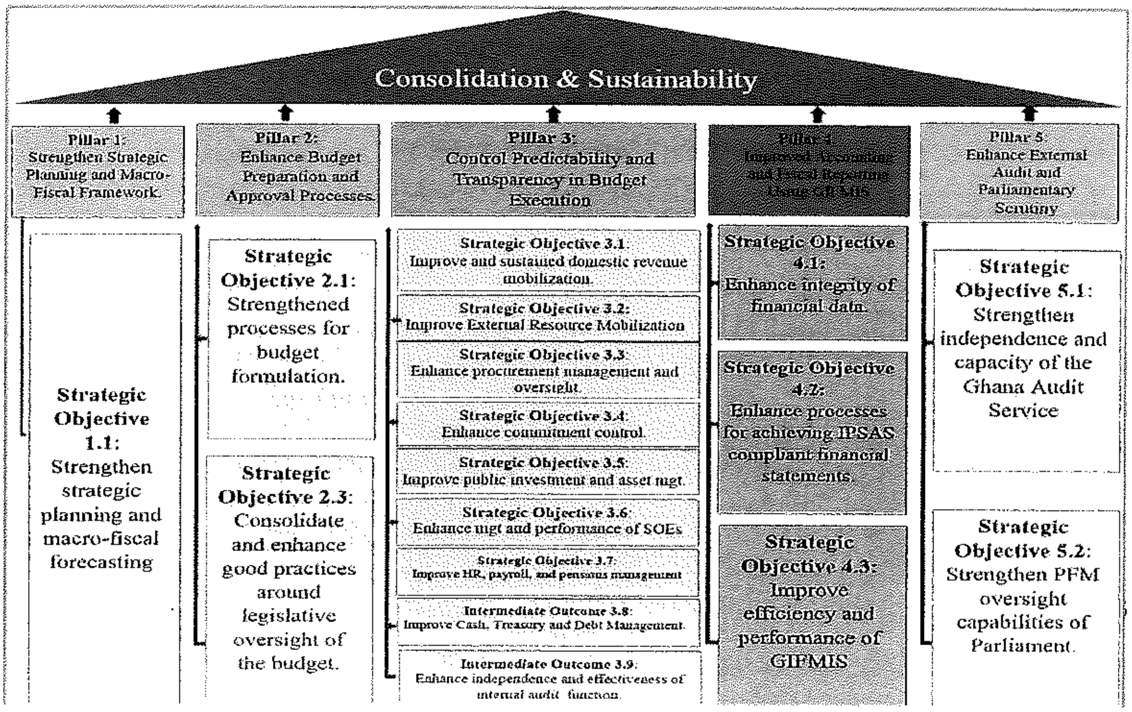
22. The Government of Ghana has over the past two decades implemented a number of reforms aimed at streamlining its financial management systems. Key among the reforms is the PUFMARP implemented from 1997-2003. The main objective of PUFMARP was to enhance efficiency, transparency and accountability of financial management functions of government. The major components of the program include the Medium Term Expenditure Framework (MTEF); Procurement Reforms; Fiscal Decentralization; and Integrated Personnel and Payroll Database and Budget and Public Expenditure Management System (BPEMS).

23. Planning Reforms such as the ST/MTAP were also implemented from 2006-2009 following the introduction of the Ghana Shared Growth and Development Agenda.

24. Although these interventions produced some significant results including the Public Procurement (Amendment), Act 2016 (Act 914); and the Ghana Revenue Authority Act, (2009), Act 791 that merged the three Revenue Agencies, the overarching objective of building a comprehensive PFM system was not achieved.

25. To address the limitations of the reforms, Government introduced the 2015-2018 PFM Strategy which was Ghana's maiden PFM Strategy. Following the successful implementation of the maiden PFM Strategy, Government on April 5, 2022 approved the 2022-2026 PFM Strategy to consolidate and expand the interventions of the predecessor strategy (2015-2018 PFM Strategy). The new strategy was developed by a cross-institutional team from the Ministry of Finance, CAGD, Auditor-General' Department, NDPC, and GRA through elaborate, broad-based consultations.

26. The 2022-2026 PFM strategy has five strategic pillars: (i) Strategic planning and macro-fiscal framework, (ii) Budget preparation and approval, (iii) Control predictability and transparency in budget execution, (iv) Accounting and fiscal reporting using GIFMIS, and (v) External audit and parliamentary scrutiny. The Strategy lays out specific interventions and measurable outcomes under each pillar as shown in the diagram below.



27. The Strategy which seeks to improve resource mobilization and allocation, budget execution and accountability is the blueprint of Ghana's PFM for the next five years, 2022-2026. It aims to leverage the critical role of PFM in contributing to the attainment of fiscal consolidation and sustainability and better public service delivery. The cost of implementing the program over the five-year period is estimated at US$300 million. The World Bank is supporting Government with US$150.0 million under the proposed PFM for Service Delivery Program. The remaining US$150.0 million will be provided by the Government of Ghana.

28. Given the huge investment required for implementing the PFM Strategy, the PFM for Service Delivery Program presents Government a competitive source of financing for the Strategy considering recent budgetary constraints largely triggered by the ravaging effect of COVID-19 on domestic revenue mobilization.

29. The Program is consistent with the ***Coordinated Programme of Economic and Social Development Policies (CPESDP):2017-2024*** which among other interventions seeks to transform state institutions into a modern and responsive machinery with the capacity to deliver efficient public services to the general public.

30. **Project Development Objective (PDO):** The Program Development Objective is to ***improve resource mobilization and allocation, budget execution and accountability which will, in turn, enable better public service delivery. The PDO*** will be achieved through Nine (9) Disbursement Link Indicators (DLIs) detailed in the table below. The DLIs are fully aligned with the PFM Strategy.

PforR KRAs	DLIs	Justification for DLI Selection
KRA1: Improve public resource mobilization	DLI1: Increased tax receipts (US$21.5mil)	The DLI supports activities geared at enhancing Ghana's tax receipts, tax net and a transparent mechanism for tax expenditures. It will support action towards a greener economy and adopt a data-driven, revised policy framework for conceptualizing, appraising, and approving new tax expenditures by Cabinet, based on the publication of repository of tax expenditures and the cost of these expenditures. A repository is a list of all tax expenditures on offer in Ghana. Once generated, it will form a foundation for evaluating the costs of tax expenditures. The DLI's targets on tax expenditures and tax net are necessary results on their own (due to the equity, expansion of tax net, and enhanced trust in government institution dimensions) and contribute to increasing collections at the same time.
	DLI2: Taxpayer compliance facilitated (US$13.5mil)	The objective of this DLI is to improve taxpayer compliance through reduced burden to comply with filing/payment, enhanced risk management and better dispute resolution mechanism. The DLI also supports the PFM Strategy to improve tax systems and risk management and reduce time to settle administrative reviews through activities geared at enhancing Ghana's facilitation of taxpayers to comply with tax obligations, reduce compliance burden, enhance women's capacity for tax filing and compliance and hence contribute to

PforR KRAs	DLIs	Justification for DLI Selection
		enhanced tax receipts. Automated selection of taxpayers for audit is extremely important as this reduces discretion and increases the taxpayers' trust in the process and reduces the perception of political victimization. It also contributes to GHG emission reductions and thereby supporting Ghana's NDC's decarbonization targets.
	DLI3: Enhanced coordination and alignment of external finance (US$12mil)	The DLI's objective is to enhance coordination of external resources through an effective Sector Working Groups mechanism and the use of GIFMIS. The DLI supports the Government program through enhanced donor coordination and increased share of donor funds on the government budget. The Government's Development Cooperation Policy and Strategy (to be finalized soon) outlines how the Government is ready to proactively oversee donor coordination. The SWGs will be led by the Government and not donors. The DLI targets are well calibrated to discount the residual externalities.
KRA2: Improve resource allocation consistent with government priorities	DLI4: Enhanced transparency of SOE sector (US$15mil)	The DLI 4 aims at strengthening the oversight, performance management and fiscal discipline of SOEs. The DLI supports the PFM Strategy through government support and monitoring for enhanced SOEs' performance, corporate governance and profitability, enhanced government oversight on fiscal risk and contingent liabilities, climate change and gender, and control on net transfer to SOEs. The comprehensive performance evaluations of selected SOEs will also cover the strategic options for SOE turnaround/or exit. This would provide an honest evaluation of the status quo and enable Cabinet to deliberate on various options with respect to these selected SOEs. Finally, the Government strategy to reduce transfers to SOEs as a percentage of total public spending (not in absolute terms) is meant to have a strong signaling effect though not a large fiscal contribution. This, together with comprehensive performance evaluations and timely publication of State Ownership Reports will enable the Government to ensure better oversight on SOEs and send a signal to the citizens that public resources are effectively utilized.
	DLI 5: Improved management of public investments (US$10.5mil)	The objective of this DLI is to promote the use of improved fiscal projections for planning and public investment, as well as better allocation of CAPEX. It also aims to strengthen Public Investment Management (PIM). The problem being solved here is that there are too many legacy ongoing projects and it is not effective to allocate CAPEX to all these projects without adequate feasibility consideration. The Government strategy now is to focus on near completion projects so that return on investment begins. At the same time, CAPEX will be allocated to

PforR KRAs	DLIs	Justification for DLI Selection
		newly appraised project that have undergone rigorous cost benefit analysis.
	DLI6: Improved preparation of budget (incl. enhanced focus on gender and climate) (US$17mil)	The objective of this DLI is to improve budget alignment with development strategies as well as gender and climate considerations through a number of budget reforms including the use of hard budget ceilings, the conduct of performance evaluations for selected sectors, better performance Budget Committees, and publication of separate annexes on gender and climate in the annual budget. The performance of the MDA's budget committees is used as a proxy of the budget allocation quality, as budget quality is subjective and difficult to measure directly. Focus on budget committees will help improve the quality of budget proposals by MDAs while a separate target is on improving the presentation of the aggregate budget by including separate climate and budget notes by the MoF covering all sectors.
KRA3: Improve budget execution and accountability to enable better service delivery	DLI 7: Budget holders effectively and transparently implement their approved budgets (US$26.5mil)	This DLI aims at improving the effectiveness and efficiency of budget execution for better service delivery. This area includes several targets (a) GIFMIS expansion to cover district level health and education directorates, district hospitals, and higher education institutions providing them direct access to their respective budget management processes, (b) timely release of budget to budget-holders, (c) enhancing the transparency and competition in public procurements, (d) ensuring the recording of commitments before issuance of contracts, and (e) enabling timely payments.
	DLI8: Improved accountability and legislative oversight (US$15mil)	The objective of this DLI is to strengthen accountability, internal and external audits, and legislative oversight. Executives are given ample opportunity to provide their responses to the Public Accounts Committee before the finalization of the recommendations, but it often takes longer to close the loop on accountability. This DLI incentivizes timely conclusion of deliberations and implementation of most recommendations.
KRA4: Strengthen reforms coordination and stimulus for change	DLI 9: PFM reforms implementation is effectively led through an adequate governance structure and an effective change management approach (US$9mil)	The objective of this DLI is to establish an effective change management approach and governance structure for PFM Strategy implementation. This DLI ensures sufficient resources are allocated to the program coordination and change management and creates mutual accountability between PCO and other program entities. This DLI institutionalizes the semi-annual monitoring of the Strategy's implementation progress, semi-annual progress monitoring workshops and steering committee meetings, regular PFM field inspections, PFM research, deployment of change management facilitators, and coalitions for PFM reforms' advocacy and capacity development. This result area also ensures the effective

PforR KRAs	DLIs	Justification for DLI Selection
		conduct of the independent verification of results on a regular basis and institutionalized engagement of civil society in the results monitoring and verification processes.
Technical Assistance Component (Investment Project Financing) – US$10mil		This component will finance the payment for goods, consulting services, non-consulting service, training and operating cost.

2.2 OPTIONS AND IMPACTS

2.2.1 Assessment of Options

31. To achieve these expected outcomes, three (3) financing options were considered. These are detailed below:

i. **Annual Budget Allocations (ABA):** The first option considered for financing the cost of the Program is to rely on annual budget allocations. Implementing the Program with budget allocations requires no interest payment and debt servicing which will result in cost saving benefits. However, considering the huge investment requirement, it will take government a very long time to complete the intervention if it decides to fund it through annual budget allocations. Further, the uncertainties inherent in domestic revenue mobilization, particularly from an economy that is recovering from the Covid-19 pandemic poses challenges to this financing option.

ii. **Fund Re-allocation from Existing Programmes (FREP)**: The second option considered for financing the Program was to re-allocate unutilized funds under existing programs. FREP presents the advantage of less time and efforts in securing funds as Government only needs to meet Steering Committees and funding agencies to negotiate and re-allocate funds. In addition, FREP offers efficiency in use of resources and has no interest rate charges. However, this option is largely constrained by: (a) limited number of programs and projects that could be restructured; (b) the consequences of such a restructuring on existing programme beneficiaries.

iii. **Financing from International Development Association (IDA)**: The final option considered was to seek the financing from IDA. As a multilateral development partner, IDA is better positioned to fund the Program on flexible terms and conditions. IDA credits come with long maturity period, low interest rates, readily available and predictable funds and flexible disbursement and implementation arrangements. The terms of financing from IDA and the timelines for its delivery are mostly supportive of programs of this nature.

2.3 RECOMMENDED COURSE OF ACTION

32. The three (3) alternatives considered for the project appeared competitive. However, based on timely access to funds, favourable financing terms such as low interest rates and long maturity periods, IDA funding was viewed as the most competitive and attractive. Although the option comes with some debt obligations, the successful implementation of the proposed

PFM for Service Delivery Program will speed-up economic recovery and revitalization in a manner that will help to put government finances on a more sustainable path.

2.4 IMPACT ANALYSIS

33. The expected economic, environmental, social and gender impacts of the proposed PFM for Service Delivery Program are detaled below.

Economic Impact: The direct economic benefits of the Program relate to increased tax collections and improved efficiency and effectiveness of public spending. The indirect benefits are associated with the expected improvement in public services which are not necessarily quantifiable. In all, the PFM for Service Delivery Program is expected to produce an estimated US$5 billion in economic gains (progressive increase in tax collections equivalent to 3 percent of GDP) during the five-year Program life.

Environmental and Social Impacts: The Program is expected to have positive social impacts through improved public confidence in government in the management of public funds in a transparent and accountable manner. Increased transparency and better access to information are expected in areas of tax expenditures, SOEs, public investments, budget quality, public procurement, and audit. The Program is not expected to support construction activities, hence, the environmental risks and impacts are mininal. The only environmental risks envisaged are from the proposed climate-smart investment and electronic waste related to IT systems. This risk will be mitigated by adhering to the requirements of the Hazardous and Electronic Waste Control and Management Act, 2016 (Act 917).

Gender Impact: The Program will augment the ongoing efforts for gender mainstreaming in the public sector. It will (i) introduce prioritization of gender responsive appropriations through inclusion of performance criterion in the Budget Committee's scorecard at the sector level; (ii) introduce a separate annex on the overall gender responsive appropriations in the National Budget which will lead to more transparency and accountability from a gender perspective; and (iii) encourage the inclusion of information on gender representation in the reporting by SOEs at various levels which will lead to more transparency which, in turn, is expected to increase awareness of SOEs on gender, enhance corporate leadership and performance.

Financial Impact

34. The total financing of US$150.0 million for the program will be provided as Credit on IDA blend terms as follows:

Repayment Period	25 years
Grace Period	5 years
Maximum Commitment Charge	0.5 - One-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
Service Charge	1.31% - sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment (+56bps) to the Service Charge on the Withdrawn Credit Balance.
Interest Charge	1.35% - sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge (+10bps) on the Withdrawn Credit Balance.

35. The financing has a grant element of 26.0% and covers the full cost of the proposed activities.

2.5 IMPLEMENTATION PLAN

36. The Ministry of Finance will be the lead implementing Ministry for the Project. The Program Coordination Office (PCO) of the Public Financial Management Reform Project (PFMRP) will be strengthened to coordinate the PFM for Service Delivery Program. The Program will adopt the core implementing structure of the PFMRP including the Program Director and core staff. The PFMRP teams in the CAGD and the Budget Division of the Ministry of Finance are retained as PIUs under the Program. In addition, the External Resource Mobilization and Economic Relations, Public Investment and Assets Divisions of the Ministry, GRA, and SIGA will be upgraded to function as PIUs.

37. The Program Director, supported by a PFM Coordinator, will report directly to the Chief Director of the Ministry of Finance. Additional staff and Change Management Facilitators will be engaged by the PCO. The Program would benefit from the change Management Facilitators to be deployed by the PCO to the participating entities to support day-to-day implementation of PFM reforms and unblock implementation issues as they arise.

38. The Program is scheduled to be implemented over a period of five (5) years (2022-2027). It would commence in fourth quarter of 2022 and close by December 2027.

3.0 COMMUNICATION PLAN

3.1 INTRODUCTION

39. This document outlines how the issues pertaining to the PFM for Service Delivery Program would be communicated to various stakeholders and the general public during and after the implementation of the Program. It is prepared with the understanding that an effective Communication Plan is vital to the successful implementation of the Program.

3.2 MINISTRIES AFFECTED

40. Extensive consultations on the Program development objective, scope, design and implementation arrangements has been held with the under-listed main Ministries, Departments and Agencies whose work are likely to be impacted by the project:

i. Parliament;
ii. Ministry of Education;
iii. Office of the Attorney-General and Ministry of Justice;
iv. Controller and Accountant-General's Department;
v. Ghana Revenue Authority;
vi. Ghana Audit Service;
vii. National Development Planning Commission;
viii. Internal Audit Service;
ix. Public Services Commission;
x. Public Procurement Authority; and
xi. State Interests and Governance Authority.

3.3 ORIGIN OF THE ISSUE

41. The Government of Ghana has over the past two (2) decades implemented a number of Public Financial Management reforms. Notable among these reforms is PUFMARP from 1997-2003. The PUFMARP was designed to enhance efficiency, transparency and accountability of financial management functions of Government.

42. Following PUFMARP was the implementation of the Short-Term/Medium-Term Action Plan in 2006-2009; GIFMIS in 2010-2014; and the Public Financial Management Reform Project in 2015-2020.

43. Although the above-mentioned interventions produced some favourable results in the areas of resource mobilization, expenditure and debt management, transparency and accountability, gaps still remain in Ghana's PFM architecture which when addressed will improve fiscal performance which have been severely impacted by the COVID-19 pandemic. Low domestic revenue mobilization; rising public expenditures and debt continue to remain a challenge for economic management.

44. The interventions in the proposed PFM for Service Delivery Program seek to improve domestic revenue mobilization; enhance efficiency in public spending; strengthen debt management; and promote efficient delivery of public services to consolidate and sustain the gains from the past PFM reforms.

3.4 AUDIENCE

45. In communicating the issues of this Program, the under-listed will be the target audience:

i. The General Public;
ii. Civil Society Organizations;
iii. Development Partners;
iv. Business Associations;
v. Key Ministries, Departments and Agencies; and
vi. Academia.

3.5 COMMUNICATION GOALS AND OBJECTIVES

46. Communicating the Program is aimed at igniting and sustaining public interest in the national efforts towards post COVID-19 economic recovery and revitalization through improved PFM reforms.

3.6 ANNOUNCEMENTS

47. Program-related information will be announced through the following channels: official websites of the implementing agencies, newspaper publications, workshops, community durbars, distribution of printed documents to relevant institutions, annual/mid-year project stakeholder meetings, and radio adverts.

48. In securing final approval for the Program, it is expected that Parliament will be informed and adequately engaged. The Finance Committee of Parliament will be engaged and apprised on the interventions intended under the Program. It is anticipated that, the Committee which comprises both government and opposition members of Parliament will be a sufficient outlet for addressing any potential issues from the perspectives of political parties.

3.7 BUDGET

49. The communication cost of the PFM for Service Delivery Program will be financed under the resources allocated for Disbursement Linked Indicator 9 (PFM Reforms Implementation and Effective Change Management Approach - US$9million).

SECRET

REPUBLIC OF GHANA

OFFICE OF THE PRESIDENT

SECRETARY TO THE CABINET

Jubilee House, Accra
Digital Address: GA-000-0288

My Ref No. OPCA.3/3/311022a
Kindly quote this number and date on all correspondence

Your Ref No.________________________

CONFIDENTIAL

31st October, 2022

USD150.0 MILLION CREDIT FROM THE INTERNATIONAL DEVELOPMENT ASSOCIATION OF THE WORLD BANK GROUP TO FINANCE THE PUBLIC FINANCE MANAGEMENT FOR SERVICE DELIVERY PROGRAMME

Cabinet at its Thirty-ninth meeting held on Thursday, 27th October, 2022 considered a report of the Cabinet Committee on Economic Matters on the above-stated Memorandum submitted by the Minister for Finance.

2. The Memorandum requested Cabinet to consider, approve and recommend to Parliament, a One hundred and fifty million United States Dollars (USD150,000,000) credit from the International Development Association of the World Bank Group to implement the Ghana Public Financial Management for Service Delivery Programme.

3. Cabinet approved the Memorandum for the consideration of Parliament.

4. I should be grateful if you could take requisite action on the decision by Cabinet.

MERCY DEBRAH-KARIKARI
SECRETARY TO THE CABINET

THE HON. MINISTER FOR FINANCE

cc: Chief of Staff
Secretary to the President
Secretary to the Vice President

Chairperson, Cabinet Committee on Economic Matters

Hon. Minister for Parliamentary Affairs

MINISTER FOR FINANCE
Received
01 NOV 2022
ACCRA - GHANA