

IN THE THIRD SESSION OF THE EIGHTH PARLIAMENT OF THE FOURTH REPUBLIC OF
GHANA



**REPORT OF THE FINANCE COMMITTEE ON THE FINANCING
AGREEMENT BETWEEN THE GOVERNMENT OF THE REPUBLIC OF
GHANA (REPRESENTED BY THE MINISTRY OF FINANCE) AND
THE INTERNATIONAL DEVELOPMENT ASSOCIATION (IDA) OF
THE WORLD BANK GROUP FOR AN AMOUNT OF TWO
HUNDRED MILLION UNITED STATES DOLLARS
(US\$200,000,000.00) TO FINANCE THE GHANA DIGITAL
ACCELERATION PROJECT**

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1.0. INTRODUCTION

The Financing Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and International Development Association of the World Bank Group for an amount of Two Hundred Million United States Dollars (US\$200,000,000.00) to finance the Ghana Digital Acceleration Project was presented to the House on 11th November, 2022 by the Hon. Deputy Minister for Finance, Mrs. Abena Osei-Asare on behalf of the Minister responsible for Finance in accordance with article 181 of the 1992 Constitution of

the Republic of Ghana and Section 56 of the Public Financial Management Act, 2016, Act 921.

Pursuant to Article 103 and Order 171(1) of the Standing Orders of the House, the Agreement was referred to the Finance Committee for consideration and report.

The Committee subsequently met and considered the Agreement with the Deputy Minister for Finance, Hon. John Ampontuah Kumah (Dr.), Minister responsible for Communication and Digitalisation, Hon. Ursula Gifty Owusu-Ekuful and a team of officials from the Ministries of Finance and Communication and Digitalisation. The Committee hereby presents this report to the House.

2.0. REFERENCES

The Committee referred to and was guided by the following documents inter alia during its deliberations on the Agreement:

- The 1992 Constitution of the Republic of Ghana
- The Standing Orders of the Parliament of Ghana
- The Public Financial Management Act, 2016 (Act 921)

2.0. BACKGROUND

Ghana is regarded as a top performer and is also among the digital leaders in Sub-Saharan Africa, according to the United Nations' Global e-Government rankings. ICT is one of the best performing sectors in the country, growing on average of 19 percent per year between 2014 and 2020.

In 2020, Ghana's ICT sector accounted for approximately 3.3 percent (US\$1.7 billion) of the country's GDP, growing 23 percent in 2020

largely because of the pandemic. Telecommunication is the largest component of the sector, accounting for 85 percent of ICT gross value added and 37 percent of employment, followed by information technology (IT) support services, which accounts for 13 percent of gross value added and 28 percent of employment. The potential of Ghana's digital transformation is significant, as reflected in the rise of foreign direct investment, which grew from US\$144 million in 2005 to US\$3.8 billion in 2019. Several global technology companies such as Google, Microsoft, IBM, Oracle, and soon Twitter, have established presence in Accra to optimise the high potential of the Ghanaian market. Several global players in Business Process Outsourcing (BPO), recognizing the unfolding digital opportunities, have located or are locating their businesses into the country.

A diagnostic of Ghana's digital economy identified the lack of infrastructure sharing, and network optimization leading to suboptimal use of existing infrastructure as the main bottlenecks to accelerating digital transformation in Ghana.

To ensure more-efficient use, completion of missing fiber optic links and greater investment in last-mile infrastructure, particularly in underserved communities, better guidelines and regulations will be required. Limited trust in the National Information Technology Agency's (NITA) ability to provide services to Ministries, Departments and Agencies (MDAs) is also a bottleneck for development of shared services and supporting interoperability. Despite growing in number, entrepreneurship support organizations are of mixed quality, and many are not able to support businesses past the start-up stage through to growth and maturity. Hence, inclusions like Ghana Venture

Capital Trust Fund and the continuous support for the Ghana Tech Labs and Innovation hubs.

Although Government is aggressively working to advance a whole-of-government digital transformation agenda, multiple challenges persist, affecting the ability to operate digitally and the quality and adoption of e-services. Operationalization of common interoperability standards and framework is essential to ensure coherency across government entities, avoid potential duplication of effort and overlap, and foster a whole-of-government approach to digitisation towards the digital economy agenda of government for the total benefit of all.

To address the existing gaps and in fulfillment of Government's commitment to pursue and harness the potential of ICT to facilitate rapid economic diversification, improve efficiency, productivity and transparency of Government businesses, the Ghana Digital Acceleration Project has been designed. The proposed project to be supported by the World Bank seeks to expand access to broadband, enhance the efficiency and experience of selected digital public services, and strengthen the digital innovation ecosystem.

3.0. JUSTIFICATION FOR GOVERNMENT ACTION

The proposed interventions are fully aligned with Government's objective to entrench ICT at the centre of the national development agenda through mainstreaming ICT in the public sector; improving telecommunications accessibility; creating opportunities for entrepreneurship; increasing citizens' accessibility to data platforms; and collaborating with the private sector to increase the broadband

bandwidth and speed of connections nationwide. The project will contribute significantly to Government's strategy of positioning Ghana as a regional ICT hub.

The proposed project interventions are also consistent with the Ghana Beyond Aid (2021-2023) Charter, the medium-term Ghana COVID-19 Alleviation and Revitalization of Enterprises Support Program, and the Ghana Integrated Digital Transformation Blueprint (2021-30). These policies envision structural reforms to support economic diversification and refocusing key government flagship programs to increase efficiency, leverage digitization, and advance financial sustainability.

Alignment with International Commitments: The proposed interventions are in line with the Digital Economy for Africa (DE44) Initiative which sets out a bold vision to ensure that every African individual, business and government is digitally enabled by 2030 to drive digital transformation of the continent and support its full participation in the global digital economy.

4.0. PROJECT COMPONENTS

The project will be implemented in five main components as follows:

Component 1: Ensuring Inclusive and Safe Digital Transformation (US\$43 million): This component will support Government's continued efforts to build solid foundational blocks for inclusive and safe digital transformation through;

- i. Providing an enabling environment for broadband development and greening ICT enablers;
 - ii. Support government with digital connectivity in lagging areas;
- and

- iii. Support government's effort to provide safeguards for cyber-security and data protection.

Component 2. Modernizing Digital Government Services (US\$76 million): This will focus on change management towards a strengthened digital governance, enhance government's digital and user-centric services, and invest in the future of government work for viable transformation.

Component 3. Support for Digital Transformation of Productive Strategic Sectors (US\$66 million): This component will strengthen the scaling up of Ghana's digital entrepreneurship and innovation ecosystem, enhance efforts to transform digitization in the agricultural sector, and support skills for digital jobs and inclusion.

Component 4. Project Management and Implementation Support (US\$15 million): Under this component, support will be rendered for the management and implementation of project-associated activities. The component will also finance activities related to recruitment of project management consultants, project coordination, fiduciary specialists, monitoring and evaluation (M&E) activities, environmental and social safeguards, project communications, and citizen engagement.

Component 5: Contingent Emergency Response Component: In the context of the COVID-19 crisis, a contingent emergency response component has been added to the project structure to help the Government respond swiftly to eligible crises, including climate and natural disasters and public health emergencies.

5.0. IMPLEMENTATION PLAN

The implementation and institutional arrangements of the project will remain almost same as the ongoing e-Transform project with slight changes. The existing Project Management Unit will be placed under the direction and guidance of a Steering Committee to be chaired by Chief Directors of MoCD and MoF. A Project Coordination Unit (PCU) will provide project oversight and day-to-day management of the project, leveraging on the experience and institutional memory accumulated from past and ongoing World Bank e-GhanaeTransform projects. The current e-Transform PIU will be expanded into a PCU responsible for the implementation of the e-Transform Project (until it closes in October 2023) and the Ghana Digital Acceleration project.

The MoCD, as the executing agency, will collaborate and coordinate with other beneficiary agencies such as the National Information Technology Agency (NITA), NCA, Cyber Security for further technical support, while collaborating also with Ghana Venture Capital Trust Fund (GVCTE) and Ghana Enterprises Agency in the scaling up of the efforts of digital incubators and start-ups to enhance further job creation especially among the youth.



6.0. FINANCING TERMS

The US\$200.0 million financing will be provided as Credit on IDA blend terms as follows:

Loan amount	-	US\$200.0 million
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Repayment Period	-	25 years
Grace period	-	5 years
Maturity Period	-	30 years
Maximum Commitment Charge	-	0.5%, waived for 2022
Service Charge	-	0.75%
Interest Charge	-	1.25%
Grant Element	-	36.24%

7.0. **OBSERVATION**

The Committee having carefully examined the referral made the following observations:

7.1. **Job Creation**

The Committee noted that the proposed project interventions will help create viable start-ups poised for expansion and strengthen Ghana's digital innovation capacity, contributing to job creation. The proposed project will also explore support to the YouStart program to facilitate job creation in the country via skills and capacity development and access to funding for young entrepreneurs.

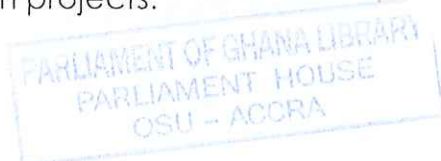
7.2. **Change in Regulation**

Considering the strength and depth of current legislation and regulatory architecture, no change in legislation and/or regulations is envisaged. The Committee observed that the implementation of the proposed interventions will be guided by the National Information

Technology Agency Act, 2008 (Act 771), National Communications Authority Act, 2008 (Act 769) Electronic Communications Act, 2008 (Act 775), as well as Ghana Integrated ICT for Accelerated Development (ICT4AD). Also, the management of the funds will be governed by the provisions of the Public Financial Management Regulations, 2019 (L.I 2378) and the Public Financial Management Act, 2016 (Act 921).

7.3. Project Implementation Arrangements

The Committee observed that the implementation and institutional arrangements for the Ghana Digital Acceleration Project remains almost same as the ongoing e-Transform project with slight changes. The existing Project Management Unit housed in Ministry of Communication and Digitalisation will be placed under the direction and guidance of a Steering Committee to be chaired by Chief Directors of Ministry of Communication and Digitalisation and Ministry of Finance. Also, a Project Coordination Unit (PCU) will provide project oversight and day-to-day management of the project, leveraging on the experience and institutional memory accumulated from past and ongoing World Bank e-Ghana Transform projects.



The Minister responsible for Communication and Digitalisation informed the Committee that an effective communication strategy is crucial to the successful implementation of the project. Therefore, the project has adopted critical communication channels such as electronic and print media, sensitization workshops, community durbars, and

regular stakeholder meetings to reach stakeholders and the interested public. There is also a plan to address the targeted audience in a timely manner to avert potential pitfalls and ignite critical support.

7.4. Benefits of the Project

The Committee further observed that the anticipated impact of the proposed interventions of the project, especially its ability to modernize digital government services that has a long-term goal of increasing revenue mobilization. The Minister responsible for Communication and Digitisation stated that the project has a huge potential to reposition our national ICT infrastructure and ecosystem as well as its regulatory framework into a better shape and form in line with the world economic order gearing towards digitization.

8.0. CONCLUSION

Considering the anticipated impact of the proposed interventions of the project, especially its ability to modernize digital government services that has a long-term goal of increasing revenue mobilization, the Committee recommends to the House to adopt this Report and approve by Resolution,

the Financing Agreement between the Government of the Republic of Ghana (represented by the Ministry of Finance) and International Development Association of the World Bank Group for an amount of Two Hundred Million United States Dollars (US\$200,000,000.00) to finance the Ghana Digital Acceleration Project in accordance with Article 181 of the Constitution, Section 56 of the Public Financial

Management Act, 2016 (Act 921) and Order 169 of the Standing Orders of the Parliament of Ghana.

Respectfully submitted.



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HON. KWAKUAGYEMAN KWARTENG
CHAIRMAN, FINANCE C'TTEE



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MRS. JOANA A.S. ADJEI
CLERK TO THE COMMITTEE

31ST March, 2023

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