

Public Disclosure Authorized

OFFICIAL DOCUMENTS

GRANT NUMBER: TF0A8960

Grant Agreement

(Additional Financing for Public Financial Management Reform Project)

between

REPUBLIC OF GHANA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Ghana Financial Management Reform Project –
Additional Financing for an IPSAS Multi-Donor Trust Fund

Dated: February 25, 2019

GRANT NUMBER: TF0A8960

**GHANA PUBLIC FINANCIAL MANAGEMENT REFORM PROJECT –
ADDITIONAL FINANCING FOR AN IPSAS MULTI-DONOR TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated February 25, 2019, entered into between:
the REPUBLIC OF GHANA (“Recipient”); and the INTERNATIONAL
DEVELOPMENT ASSOCIATION (“World Bank”), acting as administrator of the Ghana
Public Financial Management Reform Project – Additional Financing for an IPSAS Multi-
Donor Trust Fund, for the purpose of providing additional financing for activities related
to Parts B and C of the Original Project.

The Recipient and the World Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The “Standard Conditions for Grants Made by the World Bank Out of Various Funds”, dated February 15, 2012 (“Standard Conditions”), constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”). To this end, the Recipient shall carry out the Project in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**Article III
The Grant**

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to two million three hundred and fifty thousand United States Dollars (US\$ 2,350,000) (“Grant”) to assist in financing the Parts B.6 and C.1 of the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the Ghana Public Financial Management Reform Project – Additional Financing for an IPSAS Multi-Donor Trust Fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions, the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

**Article IV
Recipient’s Representative; Addresses**

- 4.01. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is its minister responsible for finance.
- 4.02. The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
P. O. Bo MB40
Accra
Republic of Ghana

Facsimile: 233-30-2667069

- 4.03. The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

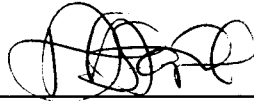
International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Facsimile: 1-202-477-6391

AGREED at Accra, Ghana, as of the day and year first above written.

REPUBLIC OF GHANA

By



Authorized Representative

Name: ABENA OSEI-ASTAZE

Title: DEPUTY FINANCE MINISTER

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as administrator of the Ghana Public Financial
Management Reform Project – Additional Financing for an
IPSAS Multi-Donor Trust Fund

By



Authorized Representative

Name: HENRY KERALI

Title: COUNTRY DIRECTOR

SCHEDULE 1

Project Description

The objective of the Project is to improve the budget management, financial control and reporting of the Recipient's government.

The Project consists of the following parts:

Part A. Enhancing Budget Credibility

Carrying out a program of activities to improve budget management and strengthen the credibility of the Recipient's national budget, such program to consist of:

1. Strengthening budgetary planning and macro-fiscal management through, *inter alia*: (i) strengthening the engagement of the Recipient's Cabinet in the budget process and designing a charter to establish budget principles, roles and responsibilities; (ii) designing a budget framework paper for obtaining approval of medium-term fiscal forecasts; (iii) building the capacity of national government institutions to develop sector strategies and sector medium-term development plans; (iv) strengthening linkages between fiscal forecasting and analysis and budget formulation and execution; and (v) building forecasting and debt management capacities of relevant government units.
2. Strengthening the budget operational framework and systems, and building the capacity of national government institutions in implementing program-based budgeting.

Part B. Public Financial Management Systems and Control

Carrying out a program of activities to support the development and implementation of the Recipient's public financial management systems and control, such program to consist of:

1. Strengthening the government information systems for public financial management through, *inter alia*: (i) enhancing the coverage of the financial systems modules under the GIFMIS; (ii) supporting the implementation of the human resources management information system; and (iii) improving and maintaining the Recipient's technology infrastructure, including by establishing disaster recovery systems, refurbishing the primary data center, and improving and extending network connectivity.
2. Improving cash and treasury management through, *inter alia*: (i) developing and enhancing forecasting models and a cash management database; (ii) building the capacity of relevant government units to improve control of budget execution; (iii) broadening the coverage of the treasury single account; and (iv) implementing electronic bank reconciliation.

3. Strengthening internal audit at the national and local levels.
4. Improving public procurement planning, management and capacity through, *inter alia*: (i) enhancing the online procurement planning tool; (ii) integrating the e-procurement system with the GIFMIS; (iii) supporting the implementation of public procurement laws and regulations; (iv) carrying out procurement value chain analysis; (v) establishing a database for the unit cost of infrastructure; (vi) establishing functional procurement units; (vii) building the capacity of private sector stakeholders on bidding processes; and (viii) establishing a framework for procurement audits.
5. Strengthening payroll and pensions management through, *inter alia*: (i) supporting the implementation of the payroll cleaning plan; and (ii) conducting payroll and personnel verification audits.
6. Improving financial reporting and asset management through, *inter alia*: (i) building the capacity of relevant government institutions on financial reporting and implementation of the international public sector accounting standards; and (ii) establishing and implementing policy guidelines on the management, control and reporting of public assets.

Part C. Reinforcing Financial Oversight and Accountability

Carrying out a program of activities to enhance external audit capacity and legislative oversight on budget management, such program to consist of:

1. Strengthening the financial oversight role of the Audit Service to carry out comprehensive performance and systems-based audits.
2. Enhancing the capacity and systems of the Recipient's legislature to exercise oversight on public financial management processes.

Part D. Public Financial Management Reform Coordination and Change Management

Carrying out a program of activities to provide a continuing institutional and coordination basis for the oversight of public financial management reforms, and to support Project management, coordination, monitoring and evaluation, such program to consist of:

1. Strengthening the capacity of the Project Management Unit for Project management, and strengthening the capacity of the PFM Reform Coordination Office for Project coordination.
2. Strengthening the capacity of the Project Management Unit for Project monitoring, evaluation, and communication, and strengthening the capacity of the PFM Reform

Coordination Office for developing an action plan for the Recipient's public financial management reform strategy.

3. Strengthening the capacity of the Project Management Unit for Project financial and procurement management.

4. Implementing just-in-time interventions and change management through, *inter alia*: (i) supporting key service delivery agencies on public financial management issues; (ii) disseminating information on public financial management reforms; and (iii) supporting the implementation of policy reforms on public financial management.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Recipient's Ministry of Finance shall be responsible for the overall strategic coordination and oversight of the Project.
2. **PFM Reform Steering Committee**
 - i. The Recipient shall maintain, throughout the implementation of the Project, a steering committee ("PFM Reform Steering Committee"), with a composition, mandate, and resources satisfactory to the World Bank. The PFM Reform Steering Committee shall meet at least three times in a fiscal year, and shall be chaired by the Minister of Finance.
 - ii. Without limitation to sub-paragraph (i) immediately above, the PFM Reform Steering Committee shall be responsible for providing strategic guidance and oversight to ensure prompt and efficient implementation of the Project, including: (a) providing oversight on the coordination of policies and guidelines for the Project; (b) addressing strategic issues on Project implementation; and (c) reviewing, approving, and publishing annual progress reports on the Project not later than two (2) months after the end of each Fiscal Year, all in accordance with the provisions of the Project Implementation Manual.
3. **PFM Reform Technical Committee**
 - i. The Recipient shall maintain, throughout the implementation of the Project, a technical committee ("PFM Reform Technical Committee"), with a composition, mandate, and resources satisfactory to the World Bank.
 - ii. Without limitation to sub-paragraph (i) immediately above, the PFM Reform Technical Committee shall be responsible for reviewing, evaluating and providing recommendations on technical issues related to Project implementation, all in accordance with the provisions of the Project Implementation Manual.
4. **PFM Reform Coordination Office**
 - i. The Recipient shall maintain, throughout the implementation of the Project, a coordination office ("PFM Reform Coordination Office") within the

Ministry of Finance, with a composition, mandate, and resources satisfactory to the World Bank.

- ii. Without limitation to sub-paragraph (i) immediately above, the PFM Reform Coordination Office shall be responsible for coordinating and consolidating public financial management reforms under the Project, including: (a) confirming Project goals and objectives; (b) monitoring resources and annual work plans and budgets; (c) reviewing progress reports; and (d) supporting the resolution of implementation issues, all in accordance with the provisions of the Project Implementation Manual.

5. Project Management Unit

- i. The Recipient shall maintain, throughout the implementation of the Project, a project management unit (“Project Management Unit”) within the Ministry of Finance, with functions, staffing and resources satisfactory to the World Bank.
- ii. Without limitation to sub-paragraph (i) immediately above, the Project Management Unit shall be responsible for day-to-day administration of overall planning, coordination, the technical and fiduciary (i.e. procurement and financial management) compliance, monitoring, evaluation, reporting and communication of the activities under the Project, all in accordance with the provisions of this Agreement and the Project Implementation Manual.

B. Project Implementation Manual

1. The Recipient shall ensure that the Project is implemented in accordance with the provisions of a manual satisfactory to the World Bank (“Project Implementation Manual”), which shall include the following provisions: (a) institutional coordination and day-to-day execution of the Project; (b) Project budgeting, disbursement and financial management; (c) procurement; (d) monitoring, evaluation, reporting and communication of Project activities; and (e) such other administrative, financial, technical, and organizational arrangements and procedures as shall be required for the Project.
2. The Recipient shall not amend, abrogate, waive or fail to enforce any provision of the Project Implementation Manual without the prior written agreement of the World Bank; provided, however, that in case of any conflict between the arrangements and procedures set out in the Project Implementation Manual and the provisions of this Agreement, the provisions of this Agreement shall prevail.

C. Annual Work Plans

1. The Recipient shall prepare, under terms of reference satisfactory to the World Bank, and furnish to the World Bank not later than November 30 in each calendar year, for the World Bank's consideration, a proposed work plan of approved activities to be included in the Project for the following calendar year, such plan to include an implementation schedule and budget and financing plan therefor.
2. The Recipient shall afford the World Bank a reasonable opportunity to review and exchange views with the Recipient on such proposed plan, and the Recipient shall implement with due diligence and efficiency such work plan as shall have been approved by the World Bank.

D. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016 ("Anti-Corruption Guidelines").

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than 45 days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for

procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (a) Shopping; (b) Direct Contracting; and (c) National Competitive Bidding, subject to the following additional provisions: (i) foreign bidders shall be allowed to participate in National Competitive Bidding procedures without any restrictions; (ii) bidders shall be given at least one (1) month to submit bids from the date of the invitation to bid or the date of availability of bidding documents, whichever is later; (iii) no domestic preference shall be given for domestic bidders; and (iv) in accordance with paragraph 1.16(e) of the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Financing shall provide that: (A) the bidders, suppliers, contractors, and subcontractors shall permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract, and to have said accounts and records audited by auditors appointed by the Association; and (B) the deliberate and material violation by the bidder, supplier, contractor, or subcontractor of such provision may amount to an obstructive practice as defined in paragraph 1.16(a)(v) of the Procurement Guidelines.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality- and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan: (a) Quality-based Selection; (b) Selection under a Fixed Budget; (c) Least Cost Selection; (d) Selection based on Consultants' Qualifications; (e) Single-source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Association's Prior Review. All other contracts shall be subject to Post Review by the Association.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “Disbursement Guidelines for Investment Project Financing” dated February 2017, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below:

| Category | Amount of the Grant Allocated (expressed in US\$) | Percentage of Expenditures to be Financed (inclusive of Taxes) |
|--|--|--|
| Goods, non-consulting services, and consulting services, Operating Costs and Training under Parts B.6 and C.1 of the Project | 2,350,000 | 0% until IDA 5640-GH is fully disbursed, thereafter 100% from TF0A8960 |
| TOTAL AMOUNT | 2,350,000 | |

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made for payments made prior to the date of this Agreement.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2020.

APPENDIX

Section I. Definitions

1. "Annual Work Plans" means the annual work plans for the activities under the Project approved by the World Bank in accordance with the provisions of Section I.C of Schedule 2 to this Agreement; and "Annual Work Plan" means any of the Annual Work Plans.
2. "Cabinet" means the Recipient's cabinet of ministers.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Audit Service" means the Recipient's audit institution established under the Recipient's Audit Service Act, 2000 (Act 584).
5. "Ghana Integrated Financial Management Information System" or "GIFMIS" means the Recipient's official integrated financial management information system.
6. "Operating Costs" means the incremental expenses incurred on account of Project implementation, based on Annual Work Plans approved by the World Bank pursuant to Section I.C of Schedule 2 to this Agreement, including office equipment and supplies, vehicle operation and maintenance, communication and insurance costs, office administration costs, utilities, travel, *per diem* and supervision costs of locally contracted employees, excluding the salaries of the Recipient's civil servants.
7. "Original Financing Agreement" means the financing agreement for Public Financial Management Reform Project between the Recipient and the World Bank dated August 5, 2015 (Credit No. 5640-GH).
8. "Original Project" means the Project described in Schedule 1 to the Original Financing Agreement.
9. "PFM Reform Coordination Office" means the coordination office referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement.
10. "PFM Reform Steering Committee" means the steering committee referred to in paragraph 2 of Section I.A of Schedule 2 to this Agreement.
11. "PFM Reform Technical Committee" means the technical committee referred to in paragraph 3 of Section I.A of Schedule 2 to this Agreement

12. "Project Implementation Manual" means the manual satisfactory to the World Bank, referred to in Section I.B of Schedule 2 to this Agreement.
13. "Project Management Unit" means the project management unit referred to in paragraph 5 of Section I.A of Schedule 2 to this Agreement.
14. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
15. "Procurement Plan" means the Recipient's procurement plan for the Project, dated May 17, 2018, and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
16. "Training" means the cost associated with training, workshops and study tours, based on Annual Work Plans approved by the World Bank pursuant to Section I.C of Schedule 2 to this Agreement, for reasonable expenditures (other than expenditures for consultants' services), including: (a) travel, room, board and *per diem* expenditures incurred by trainers and trainees in connection with their training and by non-consultant training facilitators; (b) course fees; (c) training facility rentals; and (d) training material preparation, acquisition, reproduction and distribution expenses.