



**GOVERNMENT
OF GHANA**

5 YEAR PUBLIC FINANCIAL MANAGEMENT (PFM) STRATEGY

2022-2026

Volume 1

Foreword

Covid-19 has negatively affected economies around the world. Therefore, governments are pushed to take drastic measures to mitigate these adverse effects and work towards economic recovery, putting a significant strain on public finances.

In Ghana, the situation has not been different because the public finances came under severe strain, with the economic growth slowing down from 6.5% in 2019 to 0.4% in 2020.¹ The Government has implemented and continues to invest in various initiatives to help economic recovery. To our delight, however, data from the Bank of Ghana (BoG) for the first half of 2021 suggests that these interventions, despite the toll on public finances, have been effective in helping the economy to rebound faster than expected. Indeed, it's gratifying to note that the World Bank has corroborated this development, thereby revising its 2021 growth forecast for Ghana from 1.4% to 4.9% in its latest October 2021 Africa Pulse report.² Nevertheless, as we cheer and remain upbeat about these, we must also be vigilant and diligent in managing our public finances.

In the light of these circumstances, I welcome the painstaking effort of the Public Financial Management Reform Project (PFMRP) Secretariat of the Ministry of Finance in preparing this 2022-2026 PFM strategy. The role of the PFM Strategy in shaping the management of public finances cannot be overemphasized. This Strategy comes on the back of the previous strategy that ended in 2018. Ghana has made great strides in the various phases of the PFM value chain over the last two decades. The latest Public Expenditure and Financial Accountability (PEFA) Assessment report for Ghana acknowledged the considerable progress made in several areas of the PFM landscape and the areas that require further improvements.

The 2022-2026 PFM strategy is anchored in the twin themes of consolidation and sustainability and revolves around five key pillars. These pillars – macro-fiscal framework, budget preparation and approval, control predictability and transparency in budget execution, accounting and reporting using GIFMIS, and external audit and parliamentary scrutiny – cut across the entire PFM cycle. The themes in the new strategy reflect the desire to build on and sustain the progress made in Ghana's PFM journey over the past two decades. Worth noting is the deliberate effort to roll over relevant and un-implemented interventions in the previous strategy to this new one. This is commendable as continuity is ensured between the two strategies. In addition, the strong focus of this new strategy on concrete interventions to improve domestic revenue mobilization (DRM) is worthy of notice because DRM is critical to achieving the Government's goal of 'Ghana beyond aid'. I hope that all the relevant stakeholders will fully support the implementation of this strategy to help achieve the key PFM objectives of the country.



Ken Ofori-Atta
Minister for Finance

¹ Ghana 2021 Article IV Consultation—Press Release; Staff Report; and Statement by the Executive Director for Ghana

² World Bank's Africa's Pulse, No. 24, October 2021: An Analysis of Issues Shaping Africa's Economic Future

Acknowledgement

The 2022-2026 PFM strategy preparation has been extensive and participatory, eliciting various interested stakeholders' input. Hence, diverse groups from both the public and private sectors contributed ideas during the strategy preparation process.

I would like to put on record the pivotal role played by the PFM institutions, including the National Development Planning Commission (NDPC), the various divisions of the Ministry of Finance (MoF), the Controller and Accountant General's Department (CAGD), the Public Procurement Authority (PPA), the Ghana Audit Service (GAS), the Internal Audit Agency (IAA), the Ghana Revenue Authority (GRA), the Parliament, and the Public Services Commission (PSC). Also, I appreciate the Directors and their representatives of the Ministries and other Agencies who devoted their time to submit inputs and attend the various strategy working sessions.

A special mention must be made of all the multilateral institutions and other Development Partners for their inputs. I want to mention, in particular, the World Bank for its immense support.

Finally, to Dr. Mohammed Sani Abdulai and his staff at the Public Financial Management Reform Project (PFMRP) Secretariat, I thank you all for coordinating the various sessions that led to the preparation of this strategy.



Patrick Nomo
Chief Director, Ministry of Finance

Executive Summary

- This Strategy constitutes the blueprint of Ghana’s Public Financial Management (PFM) for the next five years, 2022-2026.** The Strategy sets forth a series of strategic pillars, objectives and interventions to consolidate and sustain the gains made in implementing the country’s PFM reforms in the last two decades.
- The Strategy’s preparation process entailed document reviews and stakeholder consultations with relevant PFM institutions, development partners (DPs) and civil society organisations (CSOs).** In addition, its development was rooted in the respective legal frameworks governing the various PFM institutions and took cognizance of the country’s technological infrastructure built in the earlier PFM reforms efforts. These previous PFM reforms efforts began two decades ago with the launching of the Public Financial Management Reform Programme (PUFMARP) in 1997-98. Following PUFMARP was the implementation of (a) the Short-Term/Medium-Term Action Plan (ST/MTAP) in 2006-2009; (b) the Ghana Integrated Financial Management (GIFMIS) in 2010-2014 and (c) the Public Financial Management Reform Project (PFMRP) in 2015-2020. A journey whose path is as summarised in Figure 1.

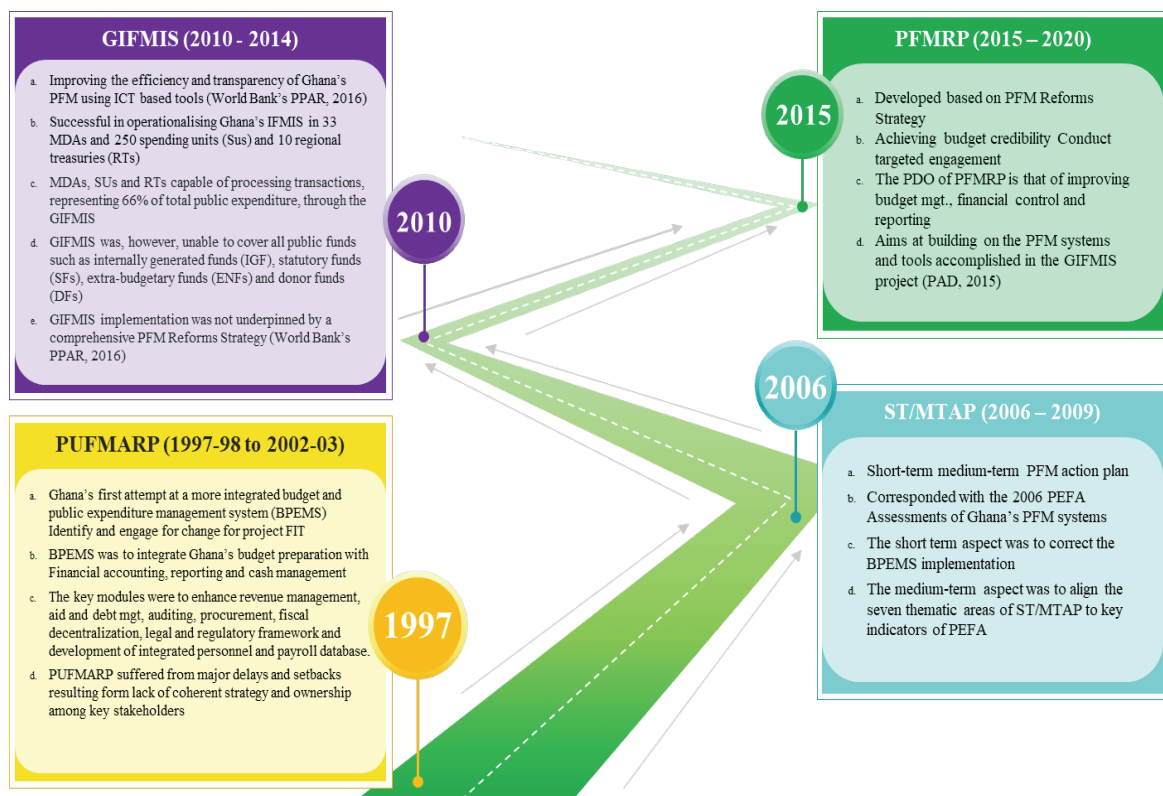


Figure 1: Ghana’s PFM Reform Journey 1997/98 to 2020/21³

- This 2022–2026 PFM Strategy succeeds the country’s 2015-2018 PFM Strategy, which was the maiden PFM Strategy of the country.** The implementation progress of the 2015-2018 Strategy showed that 86% of all its agreed interventions have either been completed or at various stages of completion. In building upon the achievements of this predecessor Strategy, the 2022-2026 Strategy is anchored on two key strategic themes of consolidation

³ Adapted from Abdulai, M. S (2020): Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability, p 426

and sustainability. The Strategy intends to consolidate the gains of the previous PFM reforms efforts and transition into sustainability by aligning the Strategy with the overall national strategic aim of achieving the country’s overarching developmental agenda of “Ghana Beyond Aid” in the long run. Therefore, the 2022-2026 PFM Strategy revolves around two strategic themes, five strategic pillars and 17 strategic objectives, as shown in Figure 2.

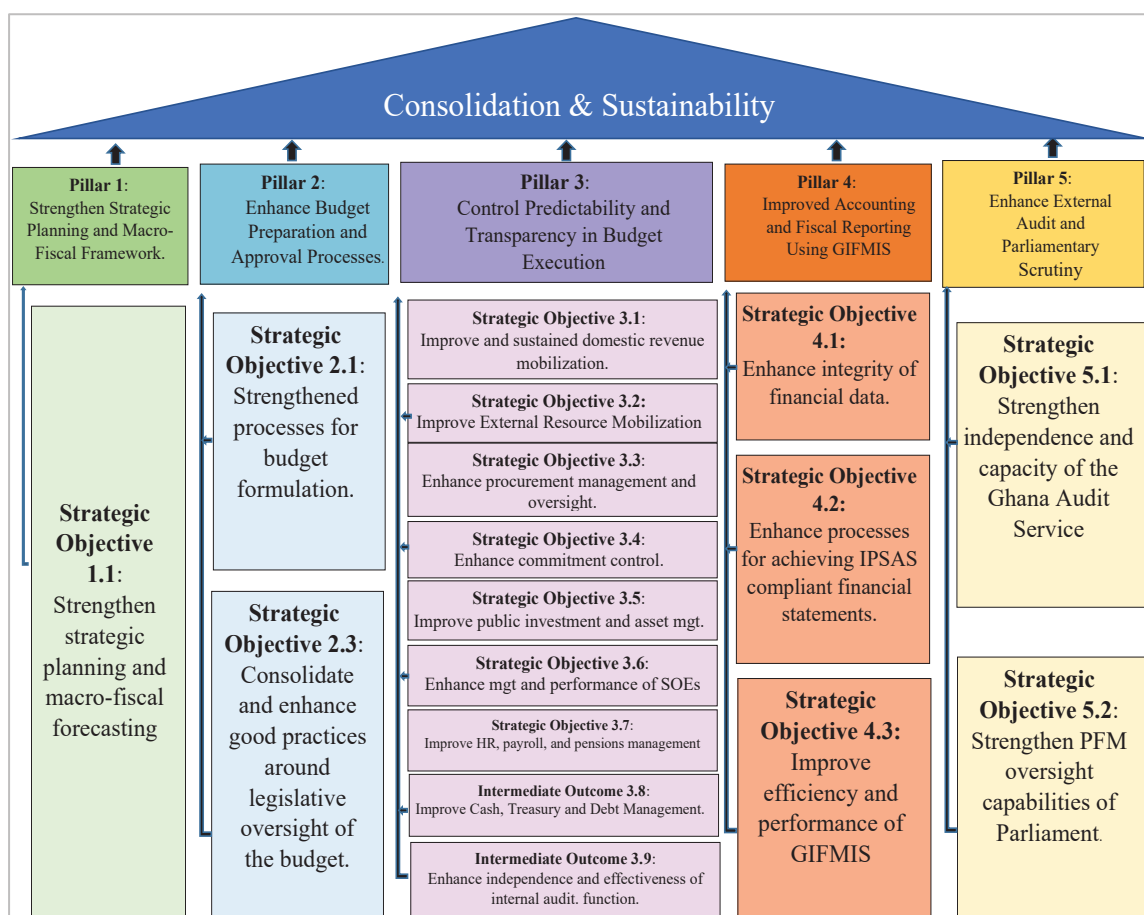


Fig. 2. Strategic Themes, Pillars and Objectives of Ghana’s 2022-2026 PFM Strategy

4. **The five strategic pillars around which the 2022-2026 PFM Strategy is built are strategic planning and macro-fiscal framework, budget preparation and approval, control predictability and transparency in budget execution, accounting and reporting, and external audit and parliamentary scrutiny (as shown in Fig. 13).** These pillars straddle across the entire PFM cycle and are deemed crucial for maintaining an open, orderly and robust PFM system over the next five years.
5. **The strategic planning and macro-fiscal framework (i.e., Strategic Pillar 1) deals with the policy direction in setting development agenda and fiscal targets by seeking to assist the government to generate realistic revenue and expenditure projections over the strategy period.** The Strategy’s focus, in this pillar, is on the strategic planning process with emphasis on the Medium-Term Development Plan and Macro-Fiscal Framework, both of which are crucial in guiding the development of government policies and in aiding the setting of fiscal targets and developing realistic revenue and expenditure projections.

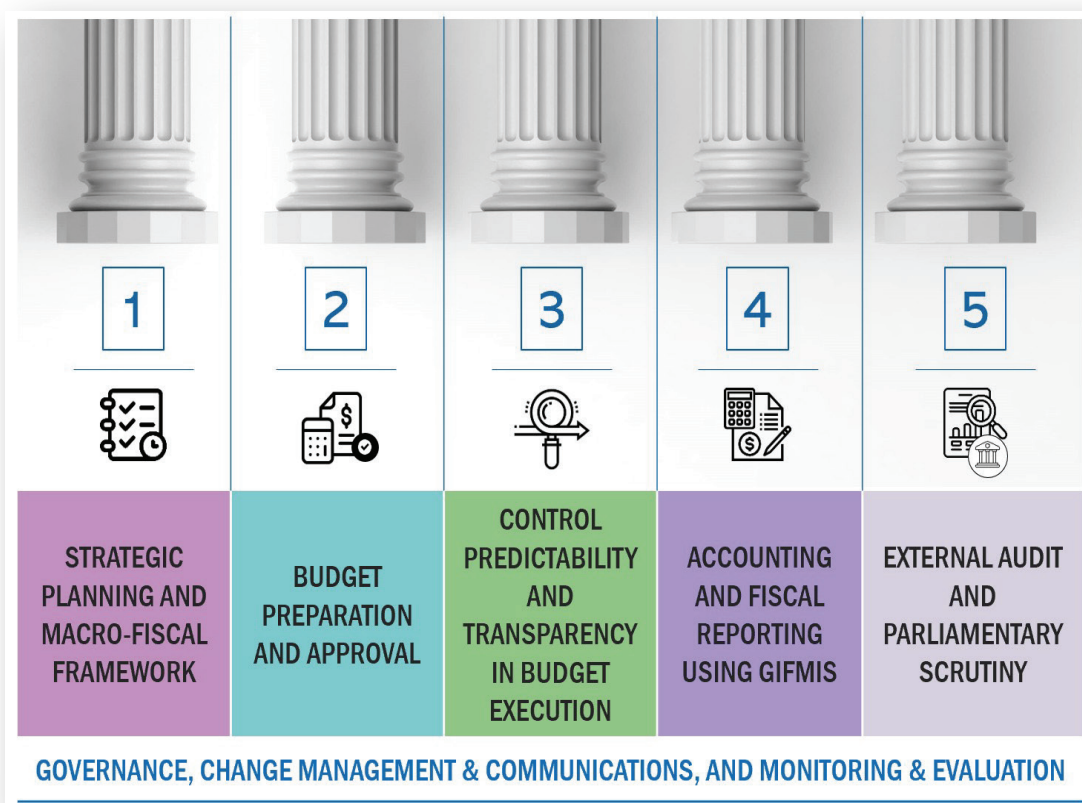


Fig. 3. Snapshot of Ghana’s 2022-2026 PFM Strategic Pillars

6. **The budget preparation and approval (i.e., Strategic Pillar 2) aims to provide the basis for implementing the Government’s policies and ensure alignment between revenue, expenditure and financing.** The Strategy’s focus, in this pillar, is on the budget preparation and approval stage of the PFM cycle. The budget preparation component ensures the alignment of national and sector plans to the available resources while the approval side considers the review, amendment, and enactment of the budget into law. The key PFM institutions involved in budget preparation and approval include the Budget Office of MoF, MDAs/ MMDAs, Cabinet and Parliament.
7. **The control, predictability, and transparency in budget execution (i.e., Strategic Pillar 3) deals with budget implementation where covered entities execute policies, programs, and projects outlined in the budget.** This aspect of the Strategy covers critical elements of PFM such as revenue mobilization, cash and debt management, procurement management, commitment control, human resource management, payroll and pensions management, public investment and assets management, and internal audit.
8. **Accounting and reporting using GIFMIS (Strategic Pillar 4) deals with the fundamental role of quality financial information in ensuring an efficient PFM system. The strategic focus of this pillar is on the essential role played by good and quality financial information in providing an efficient PFM system.** Accounting and reporting, a critical phase in the PFM cycle, includes creating, maintaining, and storing financial data; in-year budget reporting; and year-end financial statements. High-quality financial information ensures data integrity and provides the basis for efficient resource

allocation and utilization and decision-making by Government. Accordingly, covered entities are enjoined by the provisions of the PFM Act and its Regulation to use the GIFMIS platform to manage public funds, including the consolidated fund, internally generated funds, statutory funds and donor funds.

9. **The external audit and parliamentary scrutiny (i.e., Strategic Pillar 5) deals with the role of external audit and legislative scrutiny in upholding transparency, accountability, integrity, and public confidence in government institutions.** Robust oversight ensures that public entities are held accountable for their decisions, actions and omissions in managing public resources. The role of the key institutions for audit and oversight have been prescribed in the laws of Ghana. These include the 1992 Constitution, Public Financial Management Act, 2016 (Act 921), PFM Regulations, 2019 (L.I. 2378) and the Audit Service Act, 2000 (Act 584).

10. **The governance structure for implementing Ghana’s 2022-2026 PFM Strategy is as depicted in Figure 4.** A structured approach for the program intended to implement the Strategy will be instituted from the very beginning. The Strategy will be managed through a strengthened Program Coordination Office (PCO) that would liaise and facilitate implementation of various reform components by the respective lead PFM institutions such as MOF, GRA, CAGD, GAS, IAA, NDPC, among others. The Program Director, supported by a PFM Coordinator, will report directly to the Chief Director of MoF. In addition, the Strategy would benefit from the change management facilitators to be deployed by PCO to the participating entities to support the day-to-day implementation of PFM reforms and unblock implementation issues as they arise.

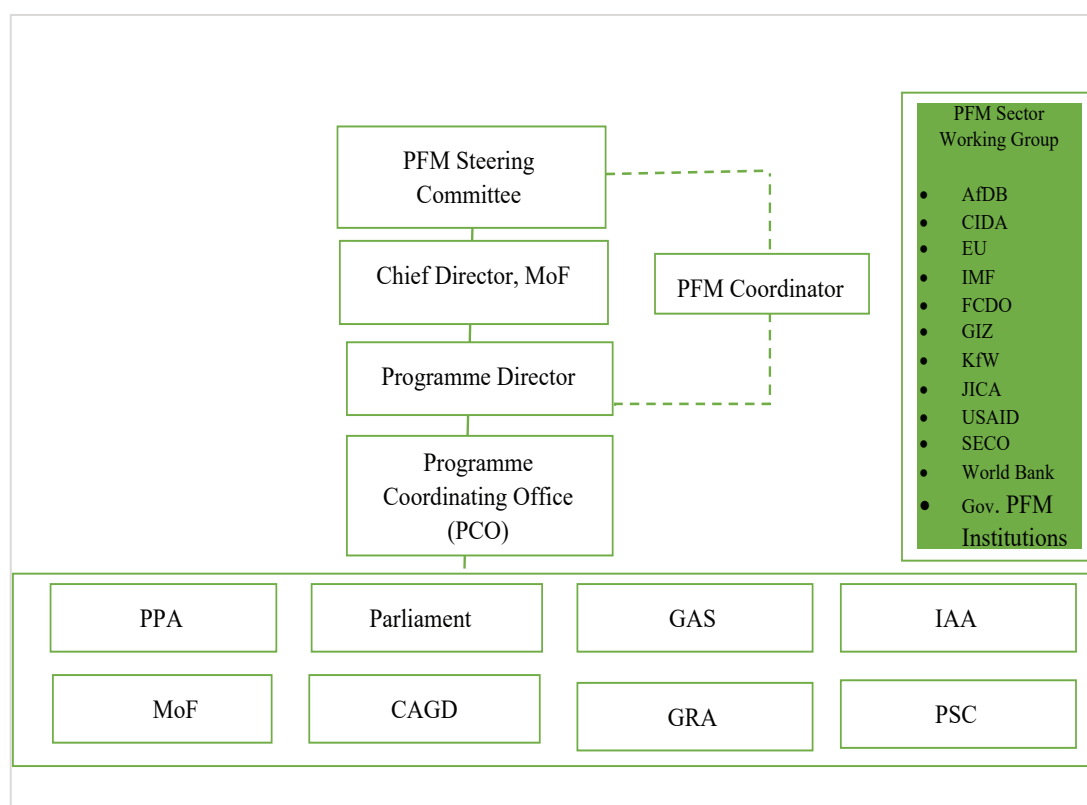


Figure 4: Ghana’s 2022-2026 PFM Strategy’s Governance Structure

11. The 2022-2026 PFM Strategy is accompanied by the 2022-2026 PFM Change Management Strategy (as set out in Appendix 3). The focus of the 2022-2026 PFM Changed management Strategy is on the ‘People Aspects’ of Ghana’s PFM agenda over the next 5-years. In this accompanying Strategy, change management is defined as the process of engaging and enrolling people at all levels of government for the effective and efficient implementation of the country’s 2022-2026 PFM Strategy. The country’s 2022-2026 Change Management Strategy is conceptualized using a 3-pronged approach as depicted in Figure 3.

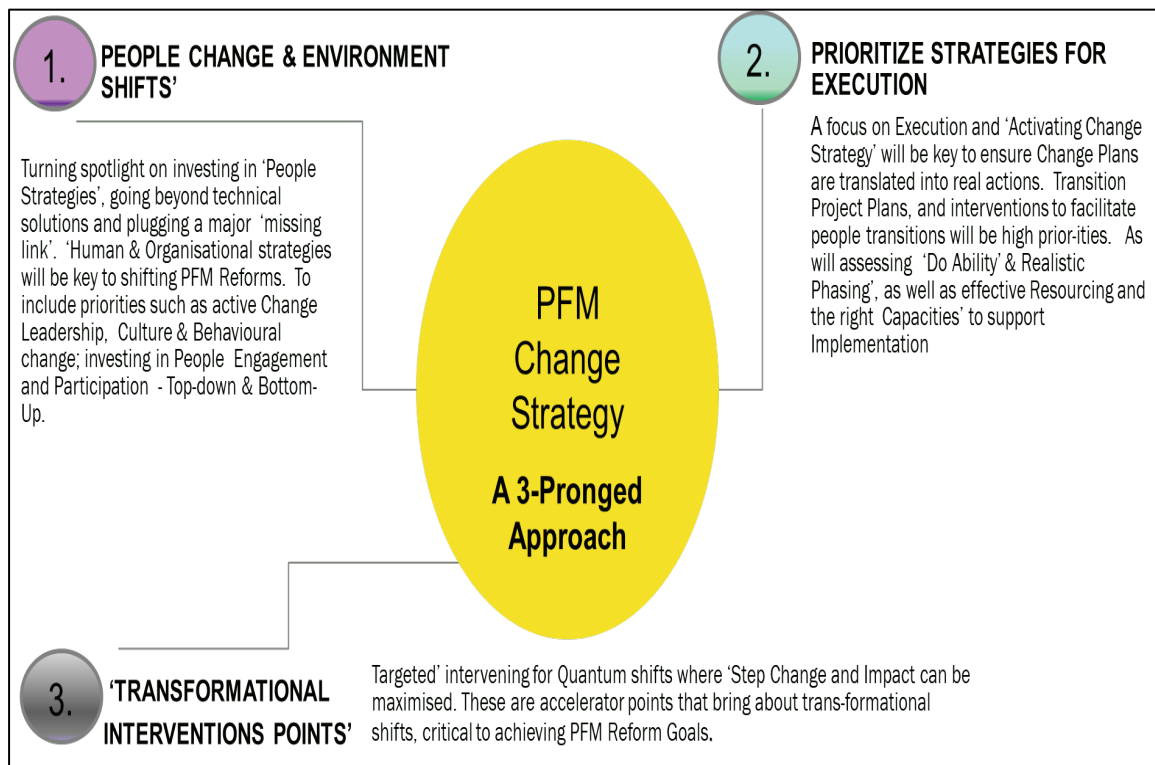


Fig. 5. The 3-Prong Approach to Ghana’s PFM Change Management Strategy

12. The communication aspect of the 2022-2026 PFM Strategy would comprise an overarching communication strategy, an internal and inter-agency communication strategy, the end-users communication strategy, the media-relations strategy and the digital-media strategy.

13. Implementing an overarching PFM Strategy such as this one would require concentrating on managing for results. Managing for results implies appropriate responsiveness to changing circumstances, unforeseen events, and changes in underlying assumptions. These can be revealed promptly by an efficient monitoring and evaluation (M&E) system. Thus, management for results implies having an efficient monitoring and evaluation system that, in essence, serves as an early warning system.

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Abbreviations

<i>AfDB</i>	African Development Bank
<i>A-G</i>	Auditor-General
<i>AMIS</i>	Audit Management Information System
<i>BPEMS</i>	Budget and Public Expenditure Management System
<i>BoG</i>	Bank of Ghana
<i>CoA</i>	Chart of Accounts
<i>CSOs</i>	Civil Service Organizations
<i>CAGD</i>	Controller & Accountant General's Department
<i>CIDA</i>	Canadian International Development Agency (now referred to as Global Affairs Canada)
<i>CPESDP</i>	Coordinated Programme of Economic and Social Development Policies
<i>COVID-19</i>	Coronavirus Disease
<i>DeMPA</i>	Debt Management Performance Assessment
<i>DANIDA</i>	Danish International Development Agency
<i>DP</i>	Development Partner
<i>ECF</i>	Extended Credit Facility
<i>EMT</i>	Economic Management Team
<i>ERMERD</i>	External Resource Mobilisation and Economic Relations Division
<i>ESRD</i>	Economic Strategy and Research Division
<i>EU</i>	European Union
<i>GAS</i>	Ghana Audit Service
<i>GCMS</i>	Ghana Customs Management System
<i>GDP</i>	Gross Domestic Product
<i>GIFMIS</i>	Ghana Integrated Financial Management Information System
<i>GIZ</i>	The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH (German Corporation for International Cooperation)
<i>GoG</i>	Government of Ghana
<i>GRA</i>	Ghana Revenue Authority
<i>GSS</i>	Ghana Statistical Service
<i>HRMIS</i>	Human Resource Management Information System
<i>IAA</i>	Internal Audit Agency
<i>ICT</i>	Information and Communications Technology
<i>IPPD</i>	Integrated Personnel and Payroll Database system
<i>IMF</i>	International Monetary Fund
<i>IGF</i>	Internally Generated Funds
<i>IFMIS</i>	Integrated Financial Management Information System
<i>IPSAS</i>	International Public Sector Accounting Standards
<i>IT</i>	Information Technology
<i>JICA</i>	Japan International Cooperation Agency
<i>KfW</i>	Kreditanstalt für Wiederaufbau (German Development Bank)
<i>LI</i>	Legislative Instrument
<i>MoE</i>	Ministry of Education

<i>MoH</i>	Ministry of Health
<i>MoRH</i>	Ministry of Roads and Highway
<i>MDAs</i>	Ministries, Departments and Agencies
<i>MTDP</i>	Medium Term Development Plan
<i>MMDAs</i>	Metropolitan, Municipal and District Assemblies
<i>M&E</i>	Monitoring and Evaluation
<i>MPC</i>	Monetary Policy Committee
<i>MoF</i>	Ministry of Finance
<i>MTEF</i>	Medium Term Expenditure Framework
<i>NDPC</i>	National Development Planning Commission
<i>NTPU</i>	Non-Tax Policy Unit
<i>NTR</i>	Non-Tax Revenue
<i>OBI</i>	Open Budget Index
<i>OECD</i>	Organisation for Economic Cooperation and Development
<i>PAC</i>	Public Accounts Committee
<i>PBB</i>	Programme Based Budgeting
<i>PDMO</i>	Public Debt Management Office
<i>PEFA</i>	Public Expenditure and Financial Accountability
<i>PEMU</i>	Public Expenditure Management Unit
<i>PFM</i>	Public Financial Management
<i>PFMRP</i>	Public Financial Management Reform Project
<i>PFM-SWG</i>	Public Financial Management Sector Working Group
<i>PFMSC</i>	Public Financial Management Steering Committee
<i>PFMTC</i>	Public Financial Management Technical Committee
<i>PFMRCU</i>	Public Financial Management Reform Coordinating Unit
<i>PIAD</i>	Public Investment and Asset Management Division
<i>PIMA</i>	Public Investment Management Assessment
<i>PPA</i>	Public Procurement Authority
<i>PUFMARP</i>	Public Financial Management Reform Programme
<i>RMERD</i>	Resource Mobilization and Economic Relations Division
<i>SAI</i>	Supreme Audit Institution
<i>SBC</i>	Special Budget Committee
<i>SECO</i>	State Secretariat for Economic Affairs
<i>SIGA</i>	State Interests and Governance Authority
<i>SOEs</i>	State-Owned Enterprises
<i>SMTDPs</i>	Short-Medium Term Development Plans
<i>SUs</i>	Spending Units
<i>SWG</i>	Sector Working Group
<i>TADAT</i>	Tax Administration Diagnostic Assessment Tool
<i>TSA</i>	Treasury Single Account
<i>TRIPS</i>	Total Revenue Integrated Processing System
<i>USAID</i>	United States Agency for International Development
<i>VAT</i>	Value Added Tax



Government of Ghana

**5 YEAR PUBLIC
FINANCIAL MANAGEMENT
(PFM) STRATEGY
2022-2026**

**Part
1**

**INTRODUCTION
AND CONTEXT**

1. Introduction and Background

1.1 Introduction

- 1. This Strategy, with an objective to improve resource mobilization and allocation, budget execution and accountability, constitutes the blueprint of Ghana's Public Financial Management (PFM) for the next five years, 2022-2026.** It aims to leverage the crucial role of PFM in contributing to the attainment of fiscal consolidation and sustainability and enable better public service delivery. Ghana's fiscal situation is far from stable despite many economic and PFM interventions over the last two decades. Inconsistent fiscal outturns over the years have ensured that gains made are not sustainable even in the medium term. Inadequate tax revenues, rising expenditure and debt continue to characterize the fiscal space. The interventions in this PFM Strategy seek to improve domestic revenue mobilization, enhance expenditure management and facilitate effective debt management. These, in turn, are expected to translate into the country's achievement of such PFM outcomes as aggregate fiscal discipline, strategic allocation of resources and efficient service delivery.
- 2. To achieve these overarching PFM outcomes, the Strategy contains a series of strategic pillars, objectives and interventions to consolidate and sustain the gains made in implementing PFM reforms in the last two decades.** It covers the entire PFM cycle: strategic planning and macro-fiscal framework, budget preparation and approval, budget execution, accounting and reporting, and external audit and parliamentary scrutiny. With the implementation of these interrelated functions along the PFM cycle being the responsibilities of different PFM institutions, extensive consultation with these institutions informed the Strategy's development.
- 3. Thus, the Strategy preparation and development processes entailed document reviews and stakeholder consultations with relevant PFM institutions, development partners (DPs) and civil society organizations (CSO) in working group sessions [attached as Appendix 3 and 4, respectively], list of key stakeholders engaged and the documents reviewed].** The extensive consultations ensured that the Strategy aligned with each institution's PFM objectives, interventions, and activities to avoid disjointed or 'siloed' implementation of the country's PFM initiatives over the next five years. In addition, these consultative stakeholder engagements solicited the views of as many stakeholders as possible on the desired future state of their respective PFM functions. As a result, several stand-alone strategic plans developed by the various PFM institutions have been duly consolidated in this overarching PFM Strategy.
- 4. Furthermore, the Strategy's development was rooted in the respective legal frameworks of the various PFM institutions. These include, but are not limited to, the 1992 Constitution, PFM Act, 2016 (Act 921), PFM Regulation, 2019 (LI 2378) and such others, as shown in Figure 6.** In addition, underpinning the development of the Strategy are the various PFM diagnostic assessments such as Public Expenditure and Financial Accountability (PEFA), Debt Management Performance Assessment (DeMPA), Public Investment Management Assessment (PIMA), Tax Administration Diagnostic Assessment Tool (TADAT), among others.

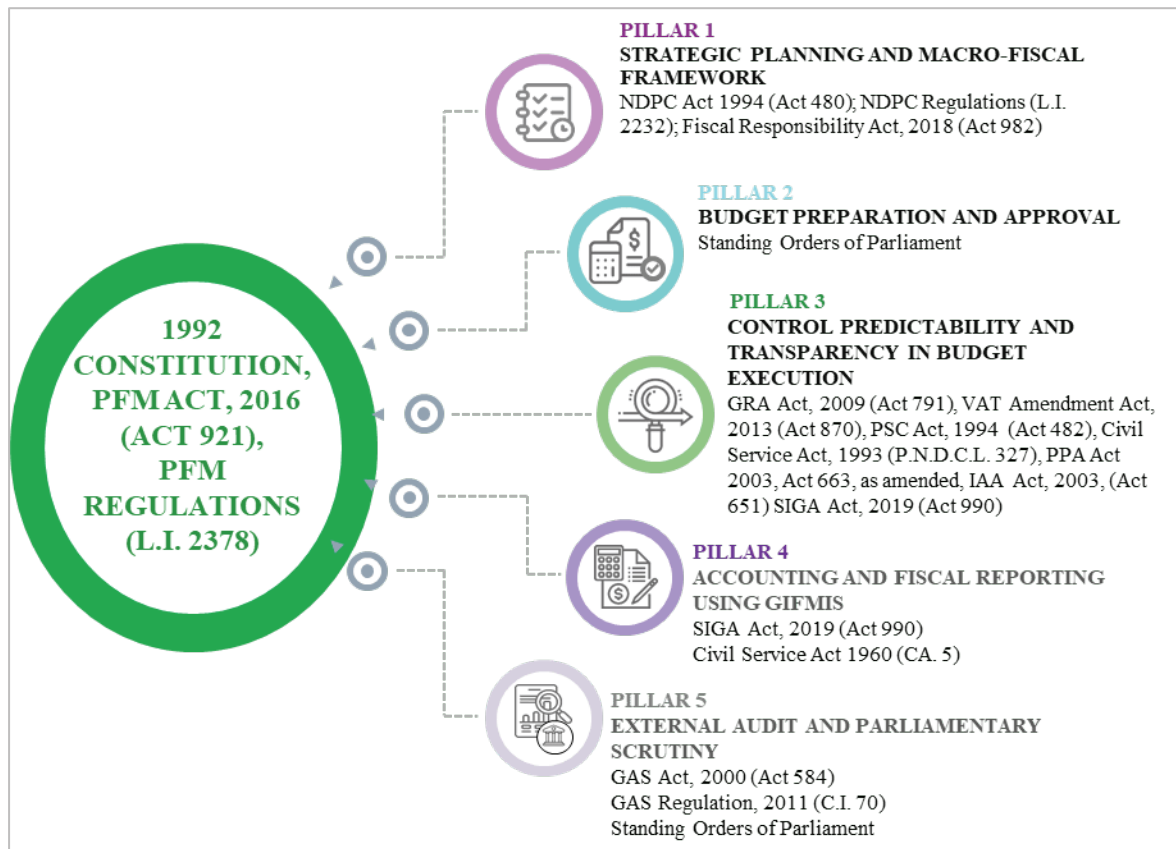


Fig. 6. Snapshot of Ghana's PFM Legal Foundations

- The Strategy development also took cognizance of the technological infrastructure built over the years as part of the country's earlier PFM reforms efforts to automate and improve the functions and processes of the various PFM institutions (as shown in Figure 7).



Fig. 7. Snapshot of Some of the ICT Assets in Ghana's PFM Landscape

6. **The Strategy intends to leverage each of these systems to deliver on the country’s PFM outcomes of aggregate fiscal discipline, strategic allocation of resources and effective delivery of public services.** Therefore, during the 2022-2026 PFM Strategy implementation period, where necessary, the technological assets would be maintained, upgraded, and extended by way of scope and coverage. To fully realize the potential of these assets, the PFM Strategy provides for license maintenance, upgrades/extendibility, integration/interface and development/acquisition of new ICT assets to spur the digitalization of the country’s PFM systems. Therefore, this new strategy’s digitization agenda is to leverage technology to ensure efficiency gains, enhanced transparency, and timely and accurate accounting and budgetary reports for decision making.

1.2 Ghana’s Socio-Economic and Political Contexts

1.2.1 Demographic Context

7. **Ghana occupies a total land area of 238,537 sq. km. It has an economy, which in absolute terms, was valued at GHS404.87 billion (USD72.34 billion) as of end-2020, making it the second-largest economy in West Africa.** The provisional data from the 2021 Population and Housing Census (PHC) pegs Ghana’s total population at 30.8 million people with an annual growth rate of 2.1%. At this growth rate, Ghana’s population is projected to exceed 50 million by 2050. Overall, females make up 50.7% of the total population while males represent 49.3%, with Greater Accra and Ashanti regions as the most populous regions in Ghana.

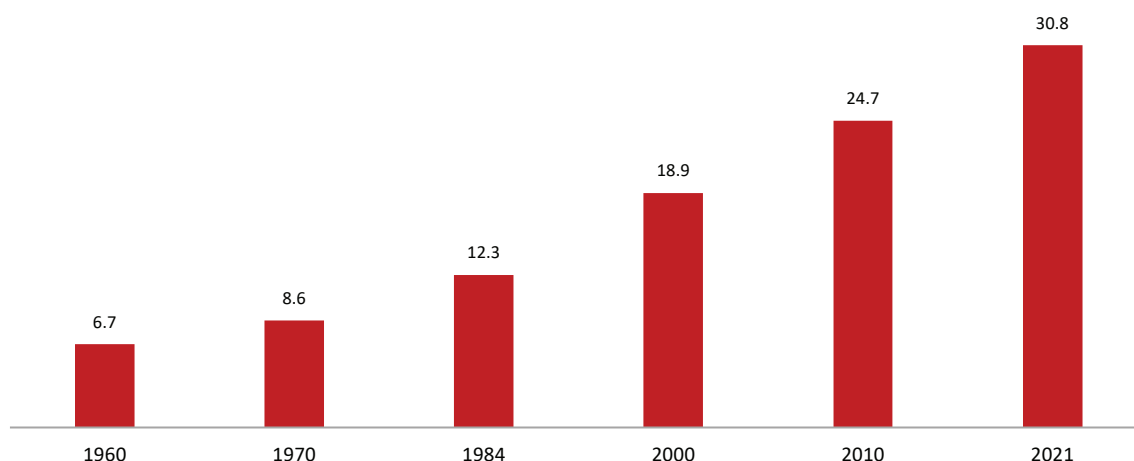


Figure 8. Ghana’s Population in the Year of Population and Housing Census (Millions)⁴

1.2.2 Economic Structure and Growth Context

8. **In absolute terms, Ghana’s economy was valued at GHS404.87 billion (USD72.34 billion) as of end-2020, with a five-year average growth rate of 4.9%.** The period’s highest real growth of 8.1% was recorded in 2017, while the COVID-19 pandemic resulted in the lowest growth rate of 0.4% in 2020. The informal economy represented 25.5% of the

⁴ Source: Ghana Statistical Service

total economy, declining from a recent peak of 30.3% in 2017. The informal sector grew at an average rate of 3.3% in the five years to 2020, with a peak growth of 6.1% in 2017 and a COVID-induced contraction of 0.8% in 2020. Ghana has recorded sustained growth in per capita income, averaging GHS10,229 (USD2,142) in the past five years, reaching GHS13,079 (USD2,337) in 2020.

- 9. The services sector dominates Ghana’s economy with a share of 44.6% as of end-2020, followed by the industry and agriculture sectors with 36.3% and 19.1%, respectively.** The industry’s contribution to Ghana’s overall GDP increased consistently from 29.8% in 2016 to 36.3% in 2020, climbing towards the 37.0% share recorded in 2014. As of end-2020, the oil & gas sub-sector was the largest contributor to industry with a share of 36.4%, followed by manufacturing activities with 28.6%. Over the short to medium term, the Government of Ghana projects a rebound in real GDP growth to average 5.2% from 2021–2024, driven by public investments under the Ghana Coronavirus Alleviation and Revitalization of Enterprise Support (CARES) programme. However, this recovery indicates that Ghana’s economic growth would remain below potential with spare productive capacity and weak demand conditions over the medium term.

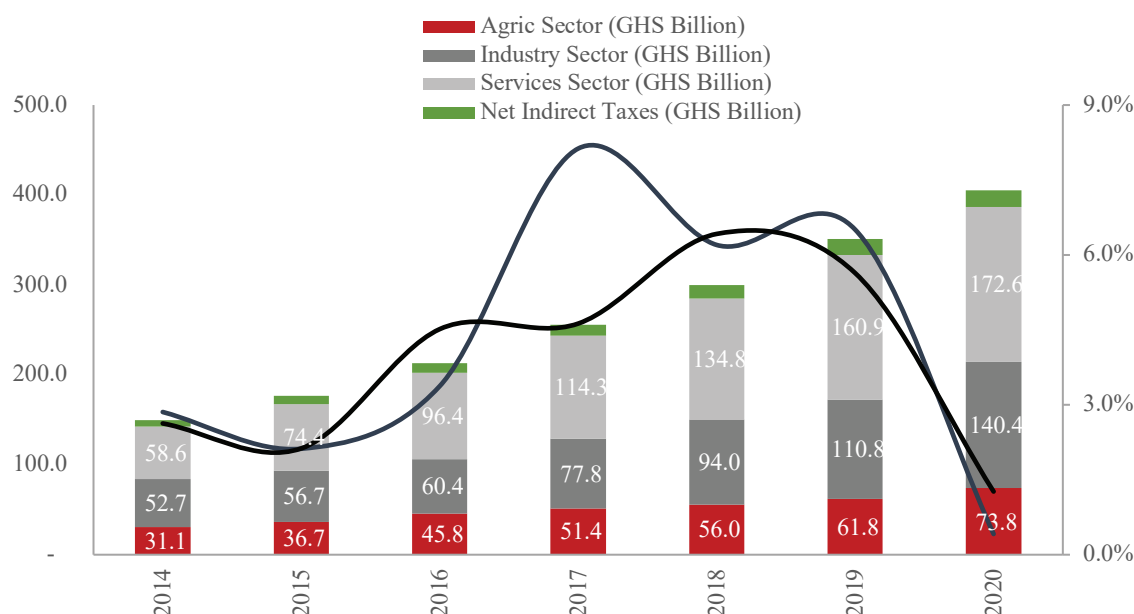


Figure 9: Evolution of Ghana’s Economic Structure and Annual Real GDP Growth Rate⁵

1.2.3 Fiscal Developments Context

- 10. Ghana embarked on its most recent phase of fiscal adjustment programme with the IMF in April 2015 after three successive years of post-election budget deficit above 7.0% of GDP.** The IMF Extended Credit Facility (ECF), which ended in April 2019, successfully narrowed the overall budget deficit to 4.8% in 2019 and achieved notable fiscal reforms. The key fiscal reforms included the passage of a Public Financial Management (PFM) Act in 2016 and the Fiscal Responsibility Act (2018), which imposed a 5% limit on the overall budget deficit. However, the COVID-19 pandemic resulted in unexpected revenue losses and increased public spending, widening the overall budget deficit to almost 12% of GDP in 2020. Consequently, the Government of Ghana suspended

⁵ Source: Ghana Statistical Service

the Fiscal Responsibility Act to enable the needed fiscal interventions to support the economy through the pandemic with a gradual return below the 5% threshold by 2024.

- 11. For the 2021 fiscal year, the Government of Ghana targets a deficit reduction to 9.4% of GDP, with a 6.1% deficit recorded during the first seven months of the year.** Generally, it is expected that the budget deficit to decline steadily over the medium term as the economy recovers to support government revenue while COVID-related spending declines. However, the global resurgence in COVID infections and a potentially slower-than-expected recovery in real GDP growth pose a major risk to the fiscal outlook.

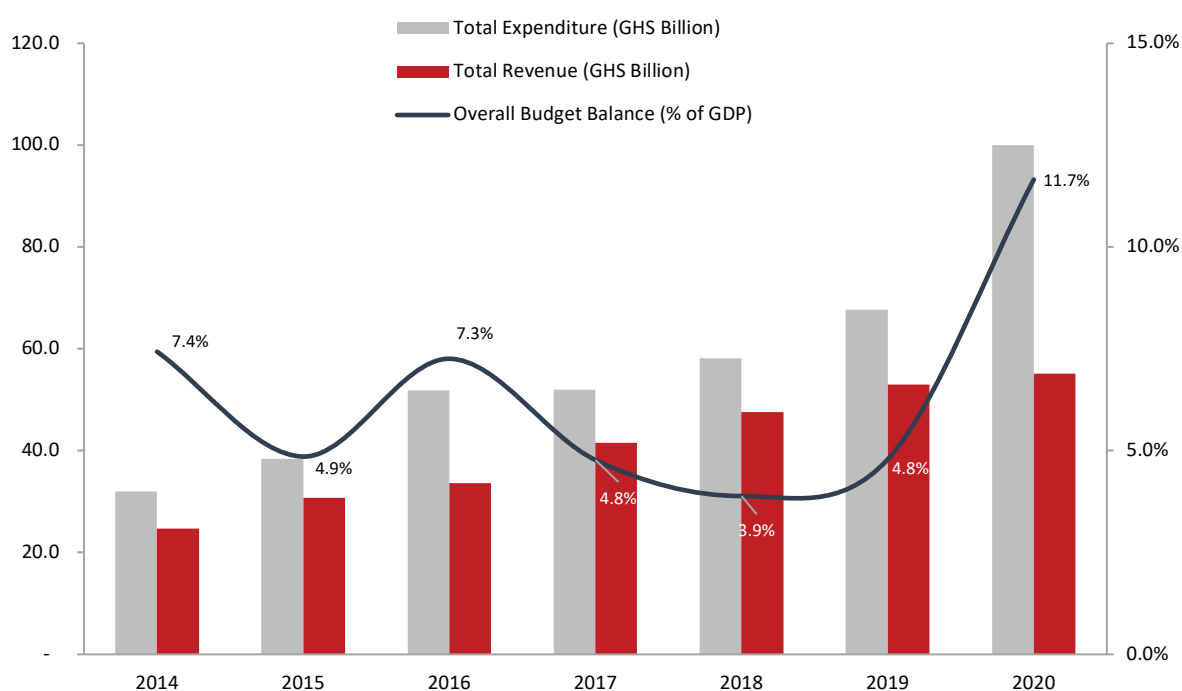


Figure 10: Fiscal Developments⁶

1.2.3 Inflation and Exchange Rate Development Context

- 12. The Bank of Ghana (BOG) renewed its commitment to price stability under the IMF programme by eliminating central bank funding of government deficit between 2015 and 2019 and consistently increased the policy rate to 26.0% in 2016.** The monetary tightening amidst the fiscal adjustment programme culminated in a sustained decline in headline inflation from a peak of 19.2% in March 2016 to 9.4% in July 2019 under the old CPI series. Following the rebasing of the CPI in August 2019, headline inflation declined further to 7.8% in March 2020 before the COVID-induced spike pushed up inflation to 11.4% in July 2020. The gradual easing of COVID restrictions in 2020 combined with a favourable base effect in the first half of 2021 to pull down inflation to 7.5% in May 2021. However, elevated cost pressures heightened the upward pressure on inflation in the second half of 2021, pushing inflation closer to the BOG’s upper target of 10.0% at 9.7% in August 2021. Consequently, the Monetary Policy Committee (MPC) maintained the policy rate at 13.50% for the second successive time during the September 2021 MPC meeting.

⁶ Ministry of Finance

13. The BOG’s exchange rate management has also witnessed a significant improvement in recent years with the notable introduction of bi-weekly FX forward auctions and accumulation of gross forex reserves (USD11.4 billion) to cover 5.2 months of imports as of August 2021. As a result, in the past five years, the Ghana Cedi (GHS) registered an average annual depreciation of 7.5% against the US dollar (USD), with the least depreciation of 3.9% recorded in 2020 despite the COVID-induced uncertainty. These developments have boosted market confidence in the GHS, although the prevailing fiscal challenge is a major concern to investors. Over the Strategy period, the main risk to currency stability and prices of financial assets, fuel and non-fuel related commodity prices is the potential outflow of foreign portfolio investments from emerging and frontier markets as developed markets normalize monetary policy.

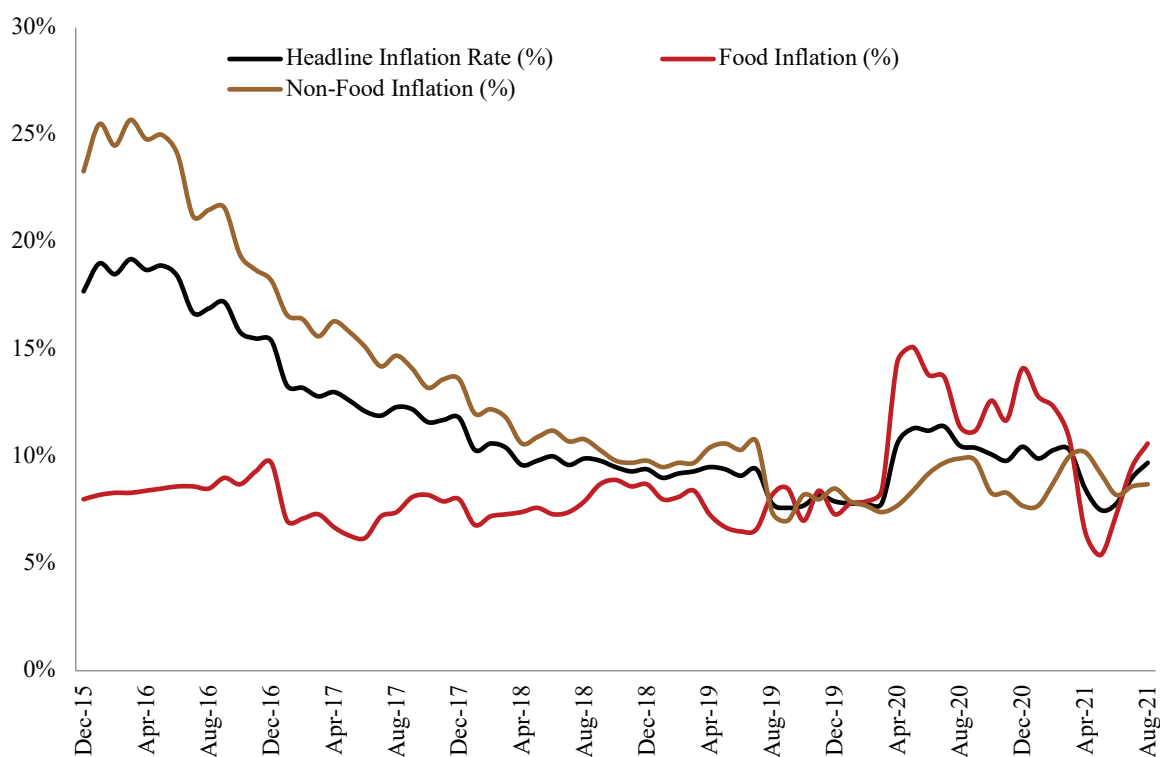


Figure 11: Ghana Inflation Dynamics (December 2015 – August 2021)

1.2.4 Domestic and Global Interest Rate Development Context

14. The COVID-induced fiscal shocks with the associated borrowing requirements culminated in a steep increase in Ghana’s public debt to 76.4% of GDP as of July 2021. Notwithstanding the Treasury’s borrowing pressure on the domestic market, the Bank of Ghana’s monetary intervention to contain the COVID pandemic injected substantial money supply into the financial market in 2020. The buoyant financial market conditions supported investor demand for treasury securities across the maturities on the Ghana Fixed Income Market (GFIM), resulting in a downturn in yields across the treasury yield curve. Specifically, the benchmark 91-day yield tumbled to 12.49% in September 2021 compared to 14.75% in March 2020. The downturn in Treasury yields on the GFIM has shifted investor interest into other relatively higher-yielding investment instruments on the Ghanaian capital market, such as corporate bonds. In addition, the sustained decline in

headline inflation since 2016 culminated in a continued softening of monetary policy stance as the policy rate reduced from 26.0% in 2016 to 16.0% at the end of 2019. To contain the economic impact of the COVID pandemic, the Bank of Ghana implemented cumulative cuts of 250bps, providing ample liquidity to the financial market. In line with the sharp easing of monetary policy, the average lending rate for commercial banks also reduced significantly over the period to 20.51% in August 2021 compared to 33.0% in August 2016.

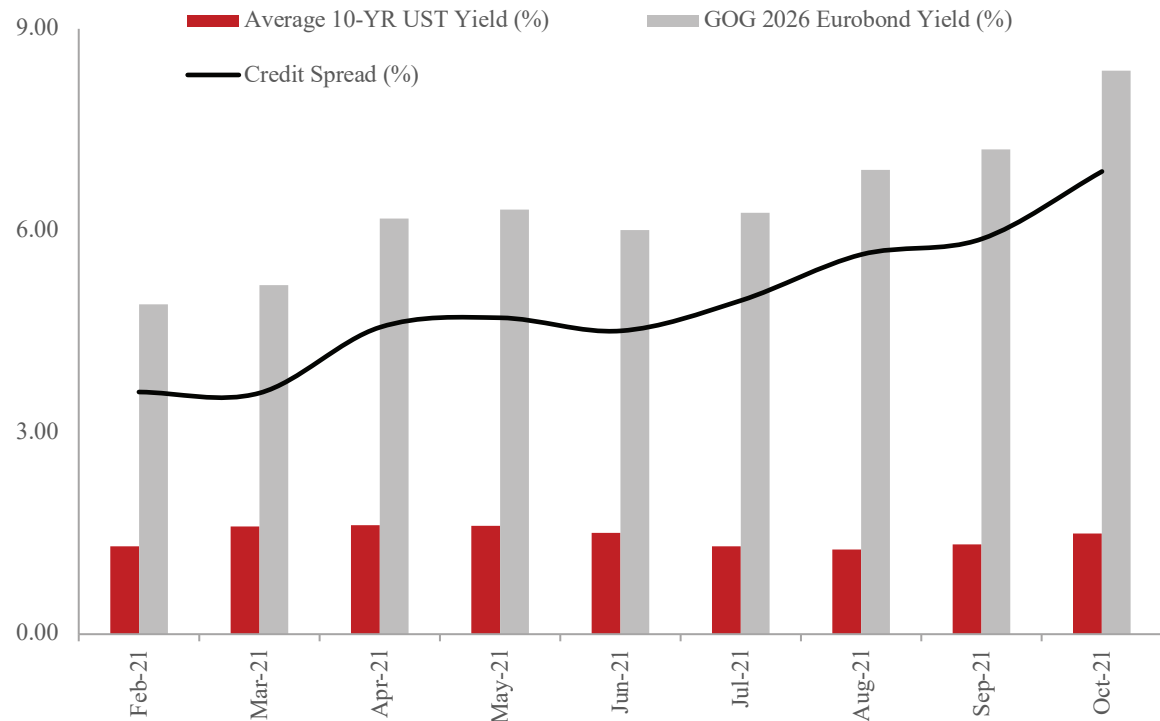


Figure 12: Global Interest Rates Dynamics (US Treasury and GOG 2026 Eurobond Yields)⁷

- Consumer price inflation in developed markets, especially the US, has assumed an upward trend since the start of 2021 as the global economy gradually reopens amidst supply-side constraints and higher energy prices. The elevated inflationary pressure in the US has heightened global investor expectations of higher interest rates in the US. As expected, the US FED announced in September 2021 that it would gradually reduce its asset purchase programme to reduce US Dollar liquidity as the US economy strengthens amidst inflationary pressures. Accordingly, the FED expects to start a steady reduction in the size of bond purchases from November 2021 to mid-2022. Following this announcement, global investors began repricing USD-denominated securities and exerting upward pressure on US benchmark yields and credit spreads.

⁷ Bloomberg

1.2.5 Summary of the Macroeconomic Performance Data

Table 1. Selected Macroeconomic Performance Data 2016-2Q21

Indicator	2016	2017	2018	2019	2020	1Q21	2Q21
	Act	Act	Act	Act	Act	Act	Act
The Real and Monetary Sectors							
GDP current (GHS millions) - Rebased	213,082	256,006	299,493	350,788	404,874	119,384	101,946
Real GDP Growth Rate (per cent.)	3.4%	8.1%	6.2%	6.5%	0.4%	3.1%	3.9%
End Period Inflation (per cent.)	15.4%	11.8%	9.4%	7.9%	10.40%	10.4%	7.8%
Monetary Policy Rate (per cent.)	25.50%	20%	18%	16%	14.5%	14.5%	13.5%
Ghana Cedi /US\$ Exchange Rate	4.20	4.42	4.82	5.53	5.76	5.73	5.76
Balance of Payments (USD millions)							
Merchandise Trade Balance	(1,689)	(3,144)	(1,782)	1,187	1,809	633	838
Current Account Balance	(2,814)	(2,824)	(2,841)	(2,003)	(2,044)	(152)	(926)
Capital and Financial Account	2,730	3,123	2,558	3,016	1,500	(336)	3,333
Overall Balance of Payments	247	(16)	247	1,091	(672)	(430)	2,370
Gross Foreign Assets (USD millions)	6,162	7,555	7,025	8,418	7,555	8,306	11,027
Fiscal Sector							
Total Government Revenues and Grants (GHS Million)	33,678	41,498	47,637	52,974	55,132	12,928	15,376
Total Government Expenditures (GHS Million)	51,883	51,986	58,197	67,671	100,052	24,736	24,875
Government Overall Balance (% of GDP)	(7.3%)	(4.8%)	(3.9%)	(4.8%)	(11.7%)	(2.8%)	(2.4%)
Public Debt							
Domestic Public Debt (GHS Billion)	53.4	66.7	86.9	105.5	149.8	163.6	161.8
External Public Debt (GHS Billion)	69.2	75.8	86.3	112.5	141.8	141.0	172.7
Gross Public Debt (% of GDP)	57.5%	55.7%	57.8%	62.1%	76.1%	70.2%	76.2%

Sources: World Development Indicators database, Ministry of Finance, World Bank, IMF

Table 2. Selected Macroeconomic Projections 2021-2023

Indicators	2021	2022	2023
	Proj.	Proj.	Proj.
Real GDP	4.9	5.5	5.0
Non-oil real GDP	5.1	5.7	5.1
GDP per capita (constant 2015 US\$)	2120.3	2190.4	2253.4
Consumer prices (annual average)	8.9	8.5	8.0
Current account balance incl. grants (% of GDP)	-2.2	-3.5	-4.5
Revenues and Grants (% of GDP)	14.9	14.9	14.9
Expenditures (% of GDP)	28.8	25.4	24.4
Overall balance (incl. finsec clean-up and Bank Capitalization cost--% of GDP)	-13.9	-10.5	-9.5
Primary Balance (incl. finsec clean-up and Bank Capitalization cost)	-5.9	-1.4	-0.1
Central Government Debt (% of GDP)	83.5	84.9	86.4

Source: World Development Indicators database, Ministry of Finance, World Bank, IMF

1.3 Overview of PFM Reforms in Ghana

16. Ghana’s PFM reforms journey began two decades ago with the launching of the **Public Financial Management Reform Programme (PUFMARP)** in 1997-98. This was followed by the implementation of the Short-Term/Medium-Term Action Plan (ST/MTAP) in 2006-2009, the Ghana Integrated Financial Management Project in 2010-2014 and the Public Financial Management Reform Project (PFMRP) in 2015-2020. A journey whose path is as summarised in Figure 13.

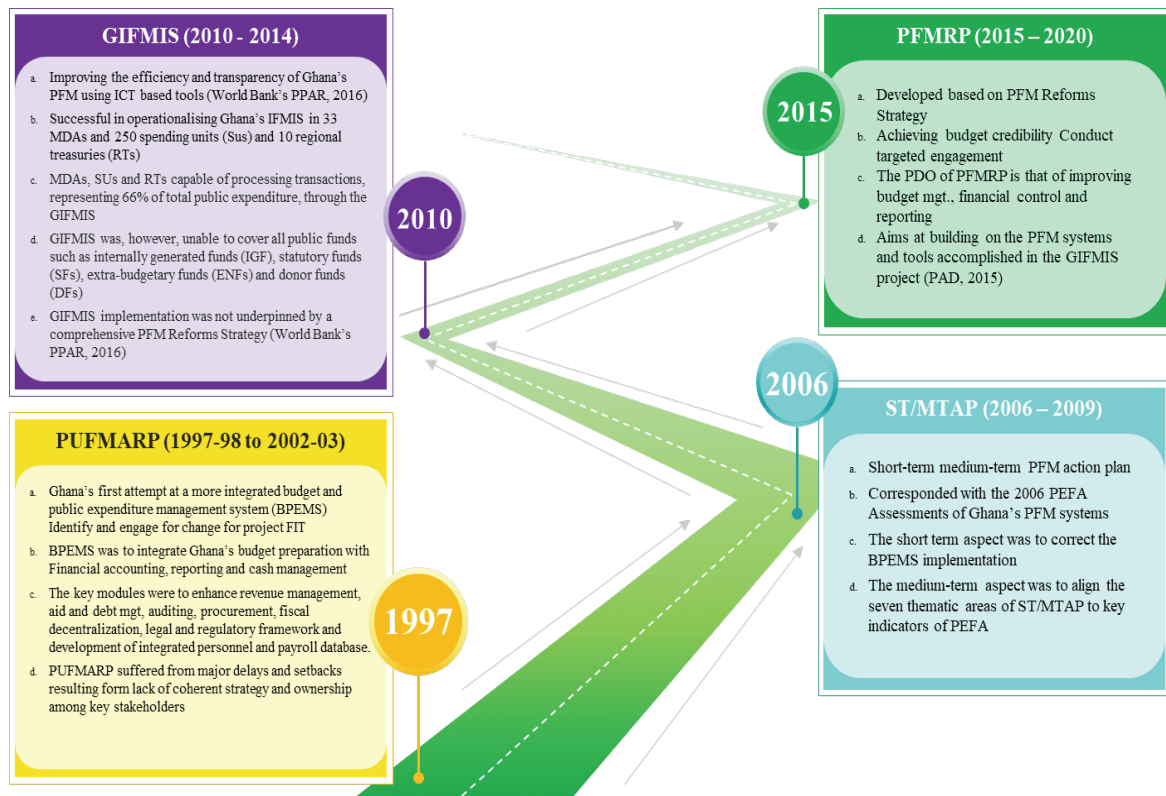


Figure 13: Ghana’s PFM Reform Journey 1997/98 to 2020/21⁸

17. **PUFMARP** was the country’s first significant attempt at a more comprehensive approach to PFM reforms, aimed to develop an integrated **Budget and Public Expenditure Management System (BPEMS)**. The BPEMS was meant to integrate Ghana’s budget preparation and implementation for the first time with its financial accounting and reporting, and cash management. In addition to BPEMS, the PUFMARP was also aimed at reforming other PFM activities, such as revenue management, aid and debt management, auditing, procurement, fiscal decentralization, legal and regulatory framework, and the development of integrated personnel and payroll database. The summary of the progress made and challenges faced at this stage of the country’s PFM reform is depicted in Figure 14.

⁸ Adapted from Abdulai, M. S (2020): Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability, p 426

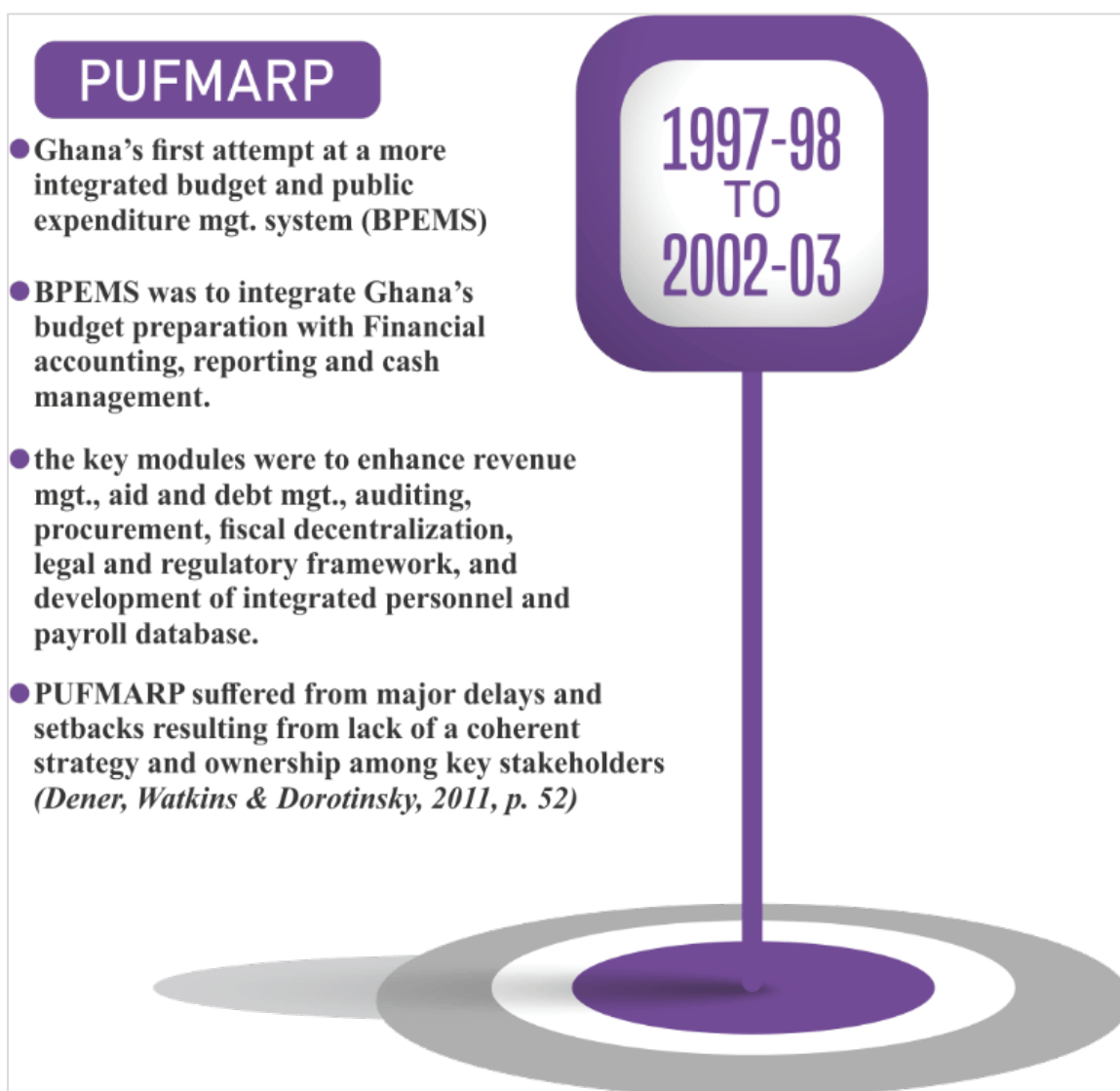


Fig. 14. Ghana's PFM reform journey: 1997/8-2002/3⁹

18. The need for a coherent strategy to implement its PFM reforms led Ghana to develop its 'short and medium-term PFM Action Plan (ST/MTAP)', which followed the 2006 PEFA assessment of its PFM system.¹⁰ The short-term aspect of the action plan focused on correcting the shortcomings of BPEMPS' implementation. The medium-term aspects concentrated on aligning the focal areas and key objectives of ST/MTAP with the indicators or key results of the 2006 PEFA assessment. This alignment resulted in the reformulation of the eGhana Project to include an additional component called the GIFMIS. The summary of the progress made and challenges faced at this stage of the country's PFM reform is depicted in Figure 15.

⁹ Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 424-438.

¹⁰ M. Betley, A. Bird, and A. Ghartey, "Evaluation of public financial management reform in Ghana, 2001–2010", Final Country Case Study Report, Joint Evaluation, (2012), p. 27

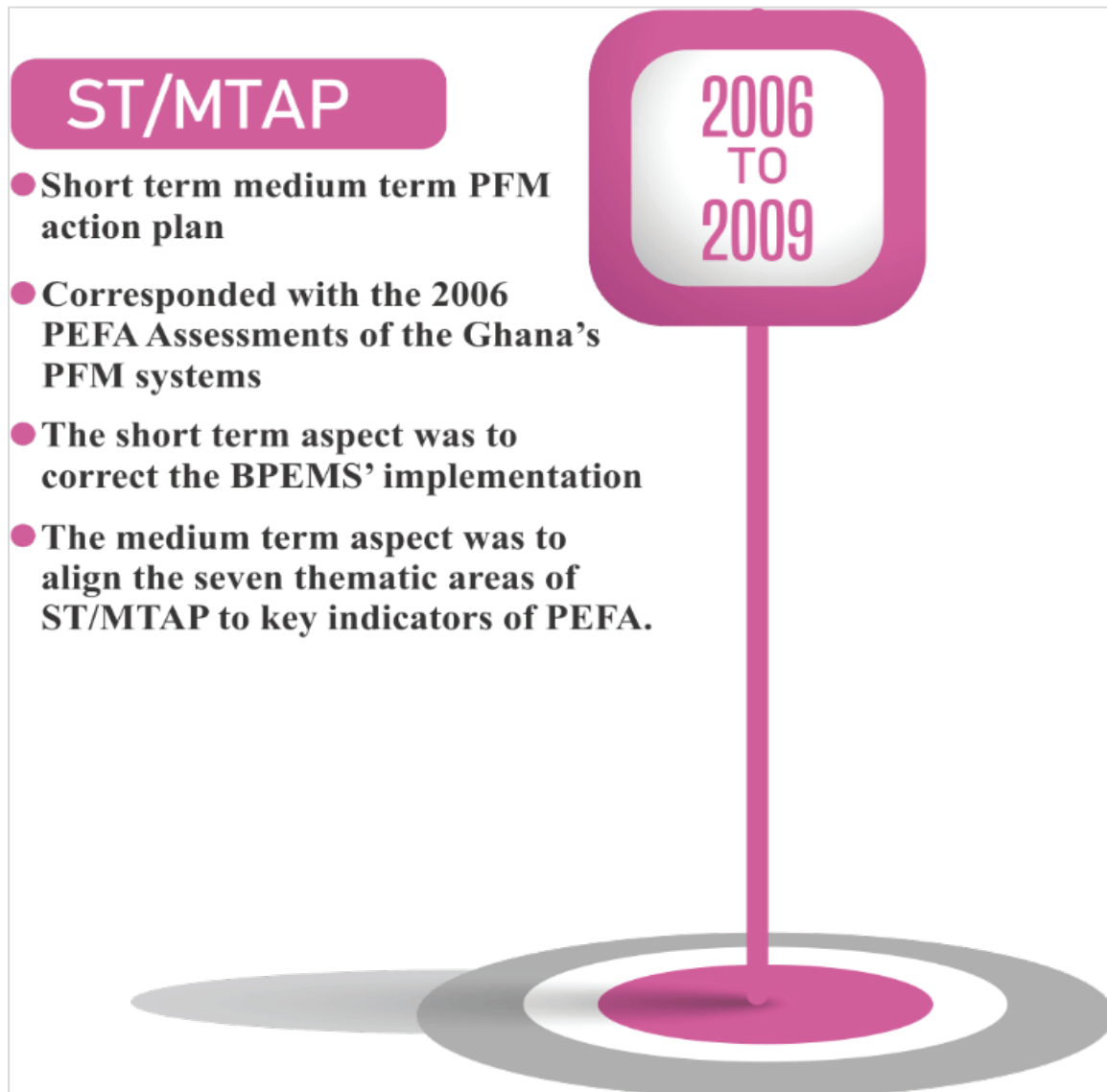


Fig. 15. Ghana's PFM reform journey: 2006-2009¹¹

19. The GIFMIS project was implemented from July 1, 2010, to December 31, 2014.¹² The project aimed to undertake PFM activities deemed necessary to 'improve government financial management functions' efficiency and transparency using ICT-based tools'.¹³ An independent post-completion performance assessment of the eGhana Project revealed that the GIFMIS component was successful in operationalizing the Integrated Financial Management Information System of Ghana in all the 33 Ministries, Departments and Agencies (MDAs) located in Accra, the capital city, and 250 Spending Units (SUs) located across the country, including 10 Regional Treasuries. As a result, these MDAs and SUs are now able to process their Consolidated Fund transactions, which at the time represented almost 66% of total public expenditure, through this IT-based system. In addition, the GIFMIS component had also achieved a seamless linkage of Ghana's budget preparation, accounting and reporting modules. These successes were confirmed by the 2009 and 2012

¹¹ Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 424-438.

¹² World Bank, Project performance assessment report: Republic of Ghana eGhana Project, Report No. 108359, 2016), available at https://ieg.worldbankgroup.org/sites/default/files/Data/reports/ppar_ghana_01032017_0.pdf accessed on May 31, 2019

¹³ *ibid*

PEFA assessments results. The summary of the progress made and challenges faced at this stage of the country's PFM reform is depicted in Figure 16.

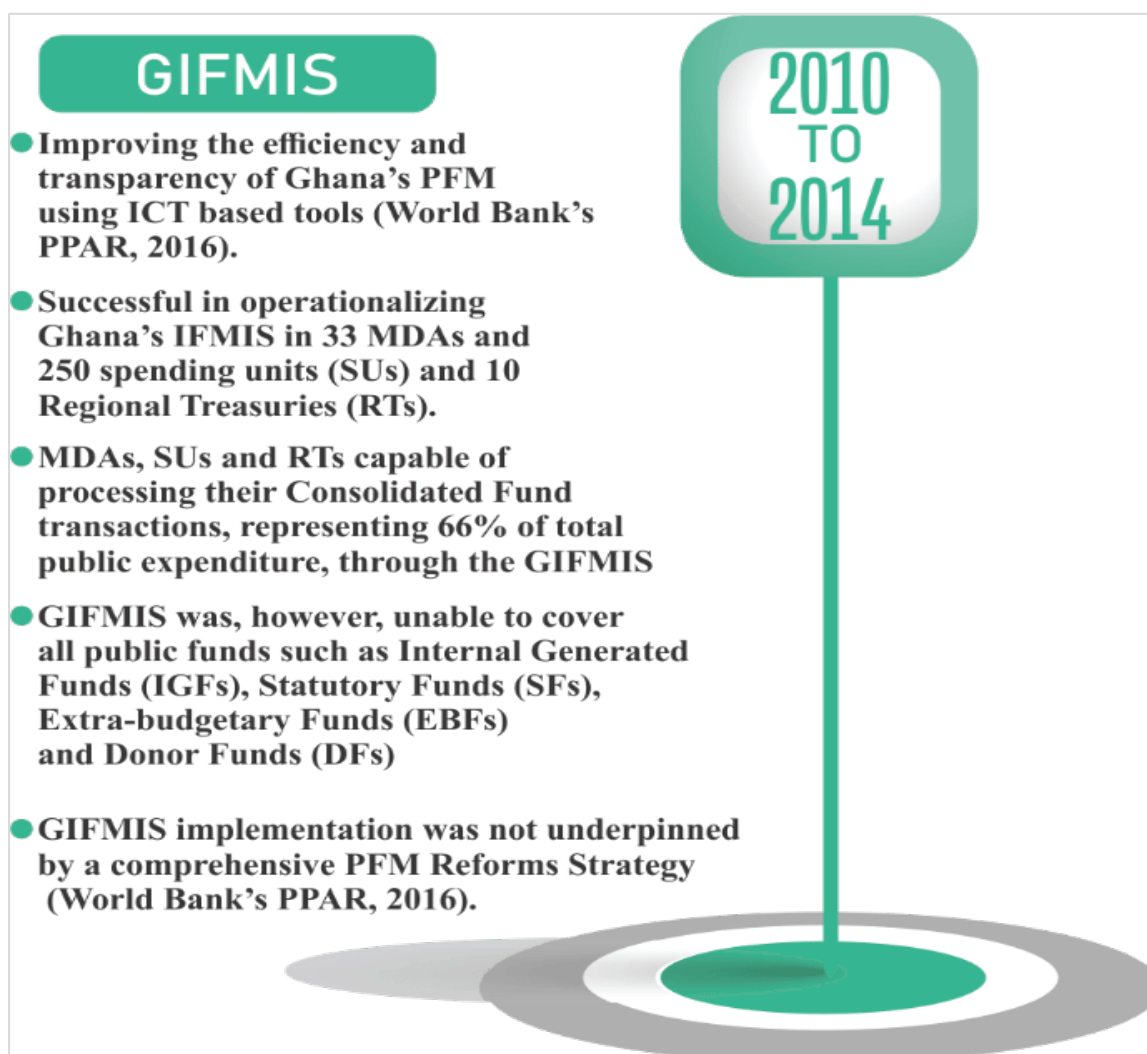


Fig. 16. Ghana's PFM reform journey: 2010-2014

20. Despite these achievements, the implementation of the GIFMIS component could not cover other public funds such as 'the Internally Generated Funds (IGFs), Statutory Funds, Extra-Budgetary Funds, and the Donor Funds'. In addition, the implementation of GIFMIS was not underpinned by 'a comprehensive PFM Reforms Strategy'. This lack of a comprehensive PFM Strategy and the inability of the GIFMIS to cover all the public funds and the transactions of sub-national government institutions led to the rollover of GIFMIS activities into a new but separate project called the Public Financial Management Reforms Project (PFMRP). The summary of the progress made and challenges faced at this stage of the country's PFM reform is depicted in Figure 17.

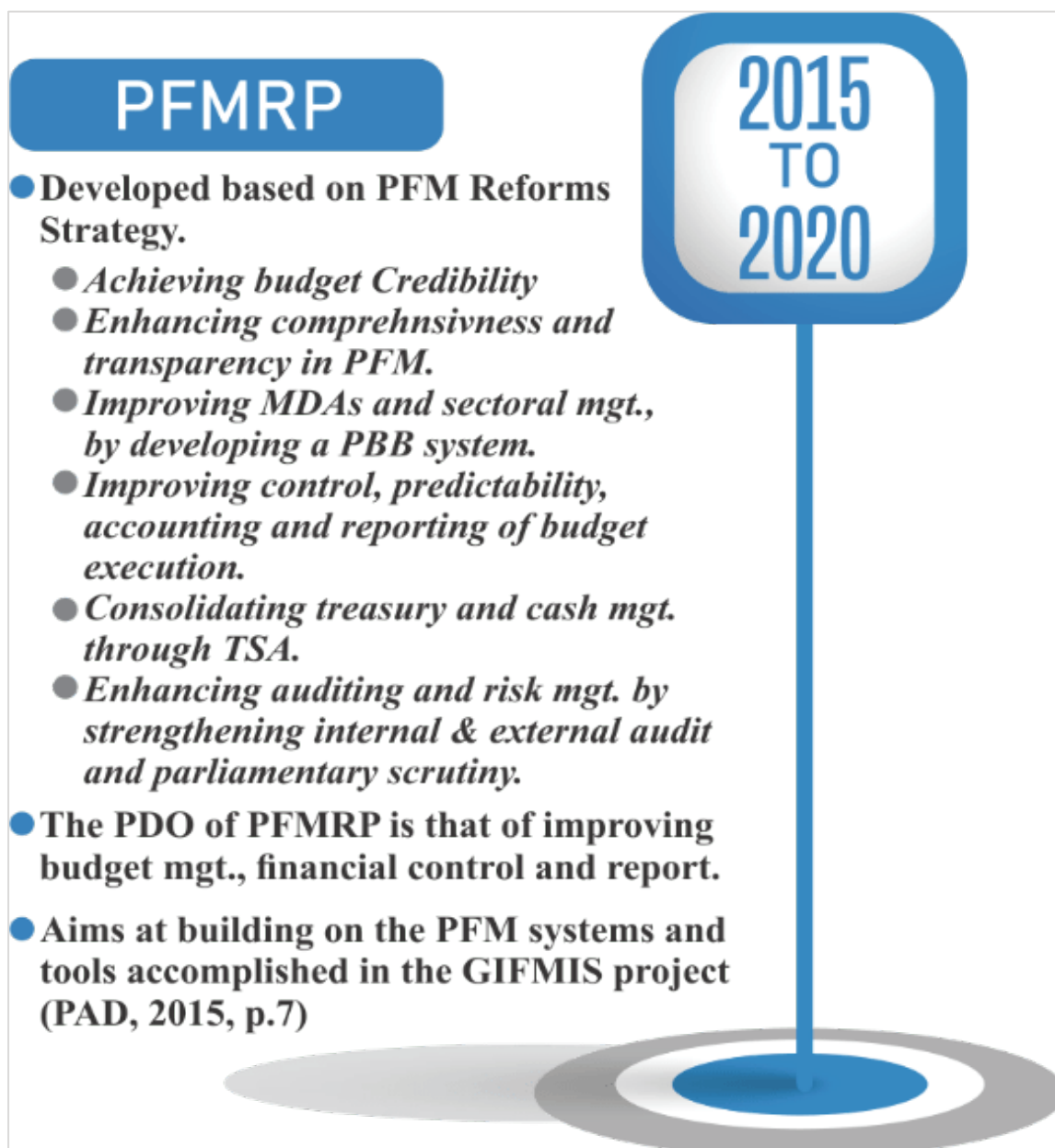


Fig. 17. Ghana's PFM reform journey: 2015-2020¹⁴

21. The PFMRP had a Project Development Objective (PDO) of 'improving the budget management, financial control and reporting of the Government of Ghana', and it sought to do so by 'building on [the] PFM systems and tools accomplished in the GIFMIS project.'¹⁵ Thus, the Project contributed to Ghana's effort to 'enhance fiscal discipline, strategic allocation of resources and service delivery efficiency'.¹⁶ Accordingly, the Project was implemented along with its four main components: enhancing budget credibility, PFM systems and control, reinforcing financial oversight and accountability, and PFM reform coordination and change management.

¹⁴ Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 424-438.

¹⁵ World Bank, Public Financial Management Reform Project, Project Appraisal Document, (2015) Available at <http://documents.worldbank.org/curated/en/516451516628028345/pdf/Disclosable-Version-of-the-ISR-Ghana-Public-Financial-Management-Reform-Project-P151447-Sequence-No-06.pdf>

¹⁶ C. Dener, J. Watkins, and W. L. Dorotinsky, *Financial management information systems: 25 years of World Bank experience on what works and what doesn't*. Washington, DC: The World Bank, 2011, p. 52

1.4 2015-2018 PFM Strategy: Implementation Progress and Lessons Learnt

- 22. The PFMRP, which began in May 2015, was underpinned by Ghana’s PFM Reforms Strategy in April 2015.** The PFM Strategy, which set forth Ghana’s PFM Reforms agenda for the next 4-years to December 2018, had six thematic areas. The first of these had to do with achieving budget credibility. The second is that of enhancing comprehensiveness and transparency in PFM. The third was improving MDA and sectoral management by developing a PBB system. The fourth was about improving control, predictability, accounting and reporting of budget execution. The fifth bordered on strengthening Treasury/Cash Management by consolidating the development of the TSA. The sixth and final thematic area was enhanced auditing and risk management by strengthening internal and external audit and parliamentary scrutiny.
- 23. The review of the implementation progress of the 2015-2018 Strategy showed that 86% of all interventions in the Strategy has either been completed or at various stages of completion.** Table 3 summarizes the implementation progress, and Appendix 2 contains a detailed tracking of the progress.

Table 3. Summary of the Implementation Status of 2015-2018 PFM Strategy

Interventions	Number	Percentage
Fully Completed	32	34%
Substantially Completed	24	25%
Partially Completed	25	27%
Not Started	13	14%
Total	94	100%

Source: Review and Analysis of the 2015-2018 Strategy

- 24. The first lesson learnt from the PFM 2015-2018 Strategy implementation revealed the importance of prioritization and sequencing interventions.** The six thematic areas of the Strategy had 20 broad PFM sub-thematic areas and 94 key PFM interventions. While the strategy’s thematic, sub-thematic, and interventions arrangement were commendable and worth emulating, its implementation revealed the need to prioritize the interventions. Thus, it appeared that all the 94 interventions were priority areas and had the same order of importance for implementation. Similarly, there was no deliberate sequencing of the interventions to show which one was to be implemented at what time. This, in turn, did not help in identifying the linkages/dependencies and flow among the key interventions. Therefore, the key lesson was that linkages and flow of PFM interventions help evaluate the appropriateness of sequencing and sourcing of funding for implementation.
- 25. The second lesson concerned the need for more coordinated monitoring of PFM interventions.** The 2015-2018 PFMRP provided monitoring and evaluation (M&E) for quarterly and annual monitoring milestones and targeted output. While this was a good practice, it appeared that the actual monitoring of the interventions was not well

coordinated and lacked the use of M&E findings for adjusting the implementation of the key interventions.

1.5 Strategic Themes, Pillars, and Objectives

26. The 2022-2026 PFM Strategy revolves around two strategic themes, five strategic pillars and 17 strategic objectives (as shown in Fig. 18).

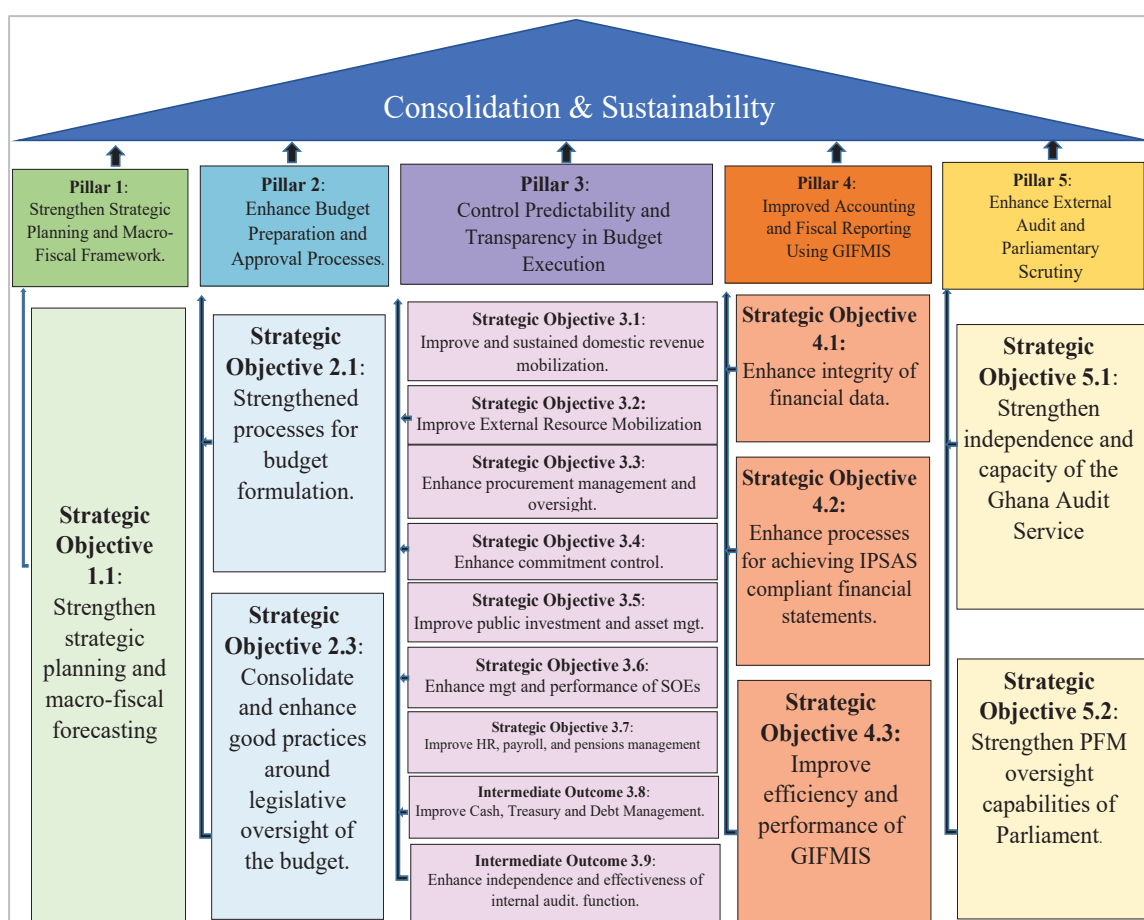


Fig. 18. Strategic Themes, Pillars and Objectives of Ghana’s 2022-2026 PFM Strategy

27. The 2022–2026 PFM Strategy is anchored on two key strategic themes of **consolidation and sustainability**. Thus, the Strategy is intended to consolidate the gains of the previous PFM reforms efforts and transition into sustainability by aligning the Strategy with the overall national strategic aim of achieving “Ghana Beyond Aid” in the long run.

28. The 2022-2026 PFM Strategy revolves around five key pillars: **strategic planning and macro-fiscal framework, budget preparation and approval, control predictability and transparency in budget execution, accounting and reporting, and external audit and parliamentary scrutiny** (as shown in Fig. 19). These pillars straddle across the entire PFM cycle and are deemed crucial for maintaining a robust PFM system over the next five years.

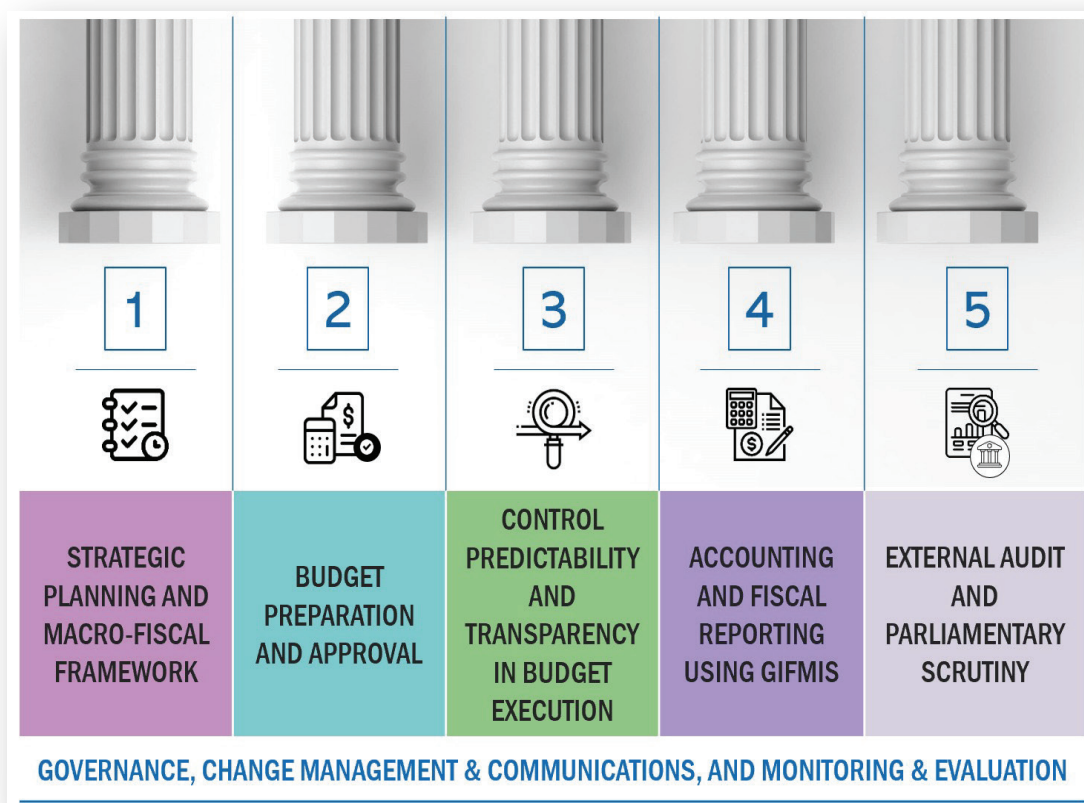


Fig. 19. Snapshot of Ghana’s 2022-2026 PFM Strategic Pillars

1.6 Key Strategic Outcome: Improvement in Service Delivery

29. Ghana’s PFM agenda, like those of other countries, is intended to be an open and orderly PFM system. To fulfil this intention requires providing the tools for achieving the three desirable fiscal and budgetary outcomes of (a) aggregate fiscal discipline – i.e., effective control of the total budget and management of fiscal risks; (b) strategic resource allocation – i.e., planning and executing the budget in line with government priorities; (c) and efficient service delivery – i.e., using budgeted revenues to achieve the best levels of public services within available resources.¹⁷ While attaining these three key PFM goals is of paramount importance to the 2022-2026 PFM Strategy, the efficient and effective delivery of public services to the generality of Ghanaians is its overarching lynchpin. Table 4 summarises the key PFM bottlenecks, their service delivery impact and the interventions under this Strategy to address them.

Table 4. Service Delivery: The Lynchpin of the 2022-2026 Strategic Outcomes

¹⁷ Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 424-438.

Key bottlenecks	Impact on Service Delivery	Interventions under the Strategy
1. Insufficient tax revenue and public resource mobilization	Ghana's tax-to-GDP has remained under 14% for the past ten years, well below the targeted 23% required to decrease the debt distress and improve service delivery. Insufficient revenue combined with drains of public funds to subsidies and SOEs leads to more pronounced fiscal challenges leading to insufficient public resource allocation to key service areas such as health and education.	The Strategy will enhance public resource mobilization through increased tax receipts and expanded tax net (Interventions 10-15), which will, in turn, relieve debt pressure. It will also strengthen coordination and alignment of external finance (Intervention 16) to make better use of funds provided by external parties. These interventions will create fiscal space and allow the government to implement its key policies to improve service delivery.
2. Tax non-compliance	A major source of low tax revenue in Ghana is the significant tax gap arising from low tax compliance. Majority of businesses, including many sole proprietors, are informal and are not registered with GRA. As a result, personal income tax (PIT) collection in Ghana is also very low at 2.1% of GDP.	The Strategy will facilitate tax compliance through reduced time to file and pay tax, improved tax systems and risk management, and reduced time to settle administrative reviews (Interventions 10-15). In addition, improved tax compliance will help bring in the potential untapped tax revenue, which will provide increased funds for public resource mobilization for enhanced service delivery.
3. Underperforming SOEs	State-Owned Enterprises (SOEs) have been a constant burden on the budget in terms of excessive net transfers from the government. Over the periods, consistent under-performance, irregularities, inadequate monitoring, oversight and noncompliance contribute to significant financial losses for SOEs, causing a drain on government funds. Furthermore, the weak performance of SOEs relative to private competitors may mean sub-optimal services provided to citizens	The Strategy will help enhance SOEs' performance, corporate governance and accountability, and reduce the fiscal burden imposed on the national budget (Interventions 23-26), creating a better fiscal space for financing service delivery.

Key bottlenecks	Impact on Service Delivery	Interventions under the Strategy
4. Limited fiscal space for investments in key areas	Inadequately managed public investments regularly lead to inadequate CAPEX availability for essential inputs in key service delivery sectors such as health and education, which as a result, have to rely heavily on external finance and IGFs. In addition, a large portion of the government budget is spent on employee salaries and legacy projects, reducing the amount of funds available for new investments required for improving service delivery.	The Strategy will improve public investment management through improved fiscal projections and increased proportion of budget allocation for investment in important public service sectors (Interventions 23-26). In addition, the Project aims to clear out near-completion projects and parallelly bring in new well-designed projects for improving service delivery across different sectors.
5. Prolonged budgeting process	The absence of hard budget ceilings has resulted in a prolonged budgeting process where MDAs must go through a lengthy and costly negotiation process. This deprives MDAs of time and human resources that could otherwise be spent on implementing meaningful policies for citizens. Good practices in other countries are shifting to shorter budgeting processes.	The Strategy intends to improve the budgeting process by introducing hard budget ceilings for MDAs, which will shorten the back-and-forth negotiation process (Interventions 6-9). In turn, more time and resources can be devoted to delivering key public services.
6. Misalignment of budget with government strategies and priorities	Ghana increasingly suffers from deteriorating service delivery because the government budget is not aligned with its priorities, despite PBB implementation.	The Strategy will enhance budget alignment through strengthened PBB, better evaluation of performance scorecards of Budget Committees (BCs) and introduce annexes to the National Budget on gender and climate to align with government priorities (Interventions 6-9).

Key bottlenecks	Impact on Service Delivery	Interventions under the Strategy
7. Delays in access to budget at the service delivery level	<p>Delayed releases of non-salary allocated budgetary funds to the budget holders is one of the leading causes of inefficient service delivery in Ghana. Budget holders cannot make payments and procure key goods, such as medicines, especially at the earliest stage of a fiscal year, resulting in delays in service delivery. And sectors that do not have external finances or IGFs are often unable to provide even essential services.</p>	<p>The Strategy will enable effective and transparent implementation of approved budgets through timely issuance of warrants, enhanced in-year cash forecast, and timely payments, reducing expenditure arrears (Interventions 17, 27-29).</p>
8. Insufficient competition in public procurement	<p>Value-for-money is one of the most important principles of public procurement, along with transparency and accountability. Limited competition in public procurement means citizens are not receiving the maximum service possible relative to the amount of tax paid. It also presents an uneven playing field for potential participants, especially those that are less influential, small or new.</p>	<p>The Strategy will increase the number of contracts that follow competitive methods in public procurement (Intervention 29). This is expected to increase value-for-money, leading to better service delivery.</p>
9. Lack of budget transparency	<p>Despite the critical role IGFs and donor funds play in key service delivery areas, their flows are not recorded adequately or transparently. There is no formal and efficient system for reporting the IGFs collected, retained and spent. This disrupts effective and efficient service delivery.</p>	<p>The Strategy will deepen the usage of GIFMIS in the health and education sector for a more efficient and transparent reporting of the collection and expenditure of IGFs (Interventions 31-33). As well as enhance coordination in donor-funded projects for improved transparency in the flow of donor funds (Intervention 16).</p>

Key bottlenecks	Impact on Service Delivery	Interventions under the Strategy
<p>10. Ineffectiveness and delays in the accountability process</p>	<p>There have been a continuous lack of effectiveness of internal audit and delays in the PAC hearings. Some of the recommendations that could have otherwise addressed inefficiencies identified during the process have not been implemented. The overall ineffectiveness and delays in the accountability process may amplify citizens' distrust of the government.</p>	<p>The Strategy aims to improve accountability and legislative oversight by publishing timely and comprehensive audited financial statements, an increased proportion of risk-based internal audits, an increased proportion of recommendations implemented, and more timely review of audit reports by PAC (Intervention 35-36).</p>



Government of Ghana

**5 YEAR PUBLIC
FINANCIAL MANAGEMENT
(PFM) STRATEGY
2022-2026**

**Part
2**

**STRATEGIC PILLARS,
OBJECTIVES,
INTERVENTIONS AND
OUTCOMES**

2. Strategic Pillar 1: Strategic Planning and Macro-Fiscal Framework

2.1 Introduction

30. The strategic planning and macro-fiscal framework (i.e., Strategic Pillar 1) deals with the policy direction in setting development agenda and fiscal targets by seeking to assist the government to generate realistic revenue and expenditure projections over the strategy period. The Strategy's focus, in this pillar, is on the strategic planning process with emphasis on the Medium-Term Development Plan and Macro-Fiscal Framework, both of which are crucial in guiding the development of government policies and in aiding the setting of fiscal targets and developing realistic revenue and expenditure projections.

2.2 Strategic Objective 1.1: Strengthen Strategic Planning and Macro-fiscal Forecasting

31. Interventions 1 and 2: Strengthen Medium-Term Development Plans: With the adoption of the 1992 Constitution and the passage of the National Development Planning System Act 1994 (Act 480), Ghana's development planning system has centered on a devolved planning system. The NDPC issues guidelines every four years to guide the preparation of Medium-Term Development Plans by MDAs/MMDAs. However, the planning process is fraught with enormous challenges, including access to a wide range of data, constraints in engaging with communities to gather information on their specific needs and aspirations, and limited opportunity for citizens involvement in the planning process. These challenges coupled with a highly discretionary and subjective planning system underpinned by unpredictable manual processes have impeded the efficiency and effectiveness of the national development planning process. These, together with the outbreak of COVID-19 and its impact on the consultative processes, require the adoption of innovative ICT solutions to planning to make the process more robust, predictable, and reliable. Thus, the 2022-2026 Strategy intends to strengthen planning at all levels and strengthen the capacity of the NDPC to monitor the MDAs/MMDAs' implementation of Sector Medium Term Development Plans (SMTDPs).

32. Interventions 3 and 4: Strengthen Macro-Fiscal Policy Analysis, Forecasting and Fiscal Risk Management: Ghana's macroeconomic forecasts are generated by the Economic Strategy and Research Division (ESRD) of the MoF using the IMF's Financial Programming and Planning (FPP) model. Once formulated, the Cabinet reviews the forecasts through its Economic Management Team (EMT). However, according to the country's 2018 PEFA assessment, the macro-fiscal policy analysis, forecasting and fiscal risk management need further strengthening.¹⁸ The specific areas that need strengthening include, but are not limited to, the robustness of the underlying assumptions and comprehensiveness of the medium-term fiscal framework. The weaknesses identified by the 2018 PEFA report included the absence of sensitivity analysis in the macro-fiscal forecasts contained in the budget statements. During the Strategy development process, it became evident that these weaknesses are rooted in staffing constraints and the absence of integrated tools and ICT infrastructure needed to run the

¹⁸ 2018 PEFA Report; page 90

forecasting models. Additionally, inherent bottlenecks within the entire forecasting ecosystem cause inefficiencies and affect forecast results. Furthermore, the absence of standard operating procedures required to ensure effective coordination between the Fiscal Management Agencies (FMAs) has exacerbated the country’s macro-fiscal forecasting challenges. Thus, the 2022-2026 PFM Strategy intends to address these challenges by strengthening the human and institutional capacity of ESRD and other FMAs such as the GRA, BoG, GSS and the newly established Fiscal Council.

33. During the 2022-2026 PFM Strategy’s implementation period, the government intends to accord with the OECD’s good budgetary governance recommendation of managing its budgets ‘within clear, credible and predictable limits for fiscal policy’. The government, by this intention, is committing itself ‘to pursue a sound and sustainable fiscal policy’ by preparing and executing its annual and multi-year budget within its fiscal objectives. To achieve these clear and predictable limits on its fiscal policy Ghana in 2018 enacted the Fiscal Responsibility Act 2018 (Act 982). Section 2 of Act 982 provides that the country’s overall fiscal balance for any giving year should not exceed a deficit of 5% relative to its GDP. Furthermore, the provision also requires that the government should endeavor to, year-on-year, keep a positive primary balance. To meet these requirements of the law, Ghana, in December 2018, established the Fiscal Responsibility Advisory Council (i.e., the Fiscal Council). Stated as one of its mandates is the need for the Council to ‘develop and recommend to the President fiscal responsibility policies. Those policies per the mandate of the Council are required to be developed for the purposes of ‘maintaining prudent and sustainable levels of (a) public debt, (b) ensuring that the fiscal balance is maintained at a sustainable level, and (c) the management of fiscal risks in a prudent manner, to achieve efficiency, effectiveness, and value for money in public expenditure.¹⁹ As one of the Fiscal management Agencies (FMAs) of the country, the Fiscal Council will be strengthened over the Strategy period to play each of these stipulated roles.

34. The key strategic objectives, expected outcomes, indicators, interventions and intermediate outcomes of Pillar 1 are:

Strategic Objective	1.1 Strengthen strategic planning and macro-fiscal Framework
Expected Outcome	Enhanced predictability of government’s planning and budget execution
Result Indicator	<ol style="list-style-type: none"> 1. Percentage variation in expenditure outturn (by program, by function, by administrative) 2. Percentage variation in revenue outturn (by types, by source)
INTERVENTIONS	
INTERMEDIATE OUTCOMES	

¹⁹ Abdulai, M. S. (2020). Government of Ghana’s Budget: An Assessment of Its Compliance with Fundamental Budgeting Principles. *International Journal of Economics and Management Engineering*, 14(10), 1018-1036.

1	Strengthen the national development planning system at all levels	Sector Medium Term Development Plans (SMTDP) aligned with Government priorities
2	Strengthen the capacity of the National Development Planning Commission (NDPC) to monitor the implementation of Sector Medium Term Development Plans (SMTDP)	Improved implementation and achievement of SMTDP objectives by MDAs/MMDAs
3	Enhance the capacity of ESRD and related institutions in macro-fiscal forecasting and fiscal risk management	Improved macro-fiscal forecast and reduction of fiscal risk
4	Enhance the operational efficiency of the Fiscal Management Agencies (FMAs)	Improved fiscal-risk reporting
5	Strengthen the capacity of the Committee on the Economy, their clerks and research officers in fiscal policy formulation, strategic planning and analysis	Improved knowledge and skills of the Committee on the Economy to provide oversight on the fiscal policy of Government

3. Strategic Pillar 2: Budget Preparation and Approval

3.1 Introduction

35. The budget preparation and approval (i.e., Strategic Pillar 2) aims to provide the basis for implementing the Government's policies and ensure alignment between revenue, expenditure and financing. The Strategy's focus, in this pillar, is on the budget preparation and approval stage of the PFM cycle. The budget preparation component ensures the alignment of national and sector plans to the available resources while the approval side considers the review, amendment, and enactment of the budget into law. The key PFM institutions involved in budget preparation and approval include the Budget Office of MoF, MDAs/ MMDAs, Cabinet and Parliament.

3.2 Strategic Objective 2.1: Strengthen Processes for Budget Formulation

36. The Budget Office of the MoF coordinates Ghana's budget preparation process. The process begins with issuing budget guidelines, followed by MDAs/MMDAs' preparation of their budget proposals, negotiating those proposals, and ends with the submission to and approval by the legislature.²⁰ Like all other countries, Ghana's budget preparation is underpinned by how the budget is classified, the quality of the budget documents, and their information.

37. On budget classification, the 2018 PEFA report noted that Ghana's budget formulation reflects internationally accepted categorizations of revenue by type and expenditures by administrative, economic, functional, and program or subprogram classifications. However, the weaknesses in the country's budget classification bordered on the fact that not all MDAs/MMDAs are currently using the budget preparation module of GIFMIS; hence the classification of their budget are done either manually or using semi-automated budget formulation tools such as Microsoft Access-based Activate. The 2022-2026 PFM Strategy intends to address these weaknesses by expanding the budget coverage through the rollout of the Hyperion, which is the budget formulation module of the country's GIFMIS platforms.

38. On budget documentation, the 2018 PEFA report noted that Ghana accords with six out of the 12 elements of good budget documentation. However, on the quality or comprehensiveness of the information contained in those documents, the past seven rounds of the Open Budget Survey revealed that the comprehensiveness of the country's budgeted information on expenditure, revenues and debt has over the years deteriorated (as shown in Table 5). The 2022-2026 PFM Strategy intends to address these weaknesses by seamlessly integrating the financials (i.e., quantitative data) and non-financial (i.e., qualitative data) in the Hyperion.

²⁰ Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 424-438.

Table 5. Comprehensiveness of Information in Ghana’s EBP

Year	Executive Budget Proposal			
	Expenditure	Revenue	Debt	Policy and Performance
2006	79	100	67	53
2008	79	100	67	57
2010	67	94	80	60
2012	62	88	67	33
2015	53	73	58	63
2017	45	73	58	59
2019	51	70	58	67

Source: Abdulai M.S. (2020)²¹

39. On the budget preparation itself, the PEFA assessment revealed that the budget guidelines are detailed and comprehensive in aiding MDAs/MMDAs in the preparations of their respective budgets. However, this notwithstanding, the assessment revealed two main weaknesses; the first was that these agencies are allowed a maximum of only two weeks, instead of the internationally ‘good’ accepted practice of 6 weeks, in preparing their budgets.

3.3 Strategic Objective 2.2: Consolidate and Enhance Good Practices in Legislative Oversight of the Budget

40. The second was that the legislature is only given four weeks (i.e., one month) to review and approve the budget, which does not accord with the internationally accepted legislative review period of eight weeks (i.e., two months). The identified weaknesses of the legislative review itself have to do with reviewing and approving only the current year’s budget and not the outer years.²² The 2022-2026 PFM Strategy intends to improve the legislative oversight of the budget formulation processes by strengthening legislative scrutiny, adjustments, and approval of the executive budget proposal (EBP).

41. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of Pillar 2 are:

Strategic Objectives	2.1 Enhance budget preparation and approval
Expected Outcome	Improved quality and reliability of the budget

²¹ Abdulai, M. S. (2020). Government of Ghana’s Budget: An Assessment of Its Compliance with Fundamental Budgeting Principles. *International Journal of Economics and Management Engineering*, 14(10), 1018-1036.

²² Abdulai, M. S. (2020). Public Financial Management in Ghana: A Move beyond Reforms to Consolidation and Sustainability. *International Journal of Industrial and Manufacturing Engineering*, 14(6), 424-438.

Results Indicator

1. Performance information for service delivery
2. Alignment with multi-year strategies and plans
3. Budget documentation (i.e., comprehensive annual budget documentation)
4. Legislative scrutiny of budgets (i.e., scope, procedures and timing of budget scrutiny)

INTERVENTIONS

INTERMEDIATE OUTCOMES

6	Strengthen Program-Based Budgeting across covered entities.	Improved information for institutional performance and service delivery
7	Integrate financials (i.e., quantitative data) and non-financial (i.e., qualitative data) in the Hyperion	Improved comprehensiveness of the budget document for better budget alignment with government strategies, plans, and priorities
8	Rollout Hyperion to MMDAs	Expanded budget coverage from central to general government budgeting
9	Strengthen legislative scrutiny, adjustments, and approval of Government budget	Improved legislative oversight over the budget preparation process incorporating the legislative review of multi-year budget estimates

4. Strategic Pillar 3: Control, Predictability and Transparency in Budget Execution

4.1 Introduction

42. The control, predictability, and transparency in budget execution (i.e., Strategic Pillar 3) deals with budget implementation where covered entities execute policies, programs, and projects outlined in the budget. This aspect of the Strategy covers critical elements of PFM such as revenue mobilization, cash and debt management, procurement management, commitment control, human resource management, payroll and pensions management, public investment and assets management, and internal audit.

4.2 Strategic Objective 3.1: Improve and Sustain Domestic Revenue Mobilization

43. Over the years, several reform initiatives have been undertaken to integrate, strengthen and modernize the revenue collection agencies. This included reviewing and harmonizing the various tax legislations, amalgamation of the erstwhile stand-alone revenue collection agencies into GRA and adopting ICT-based tax collection systems by the GRA. These initiatives resulted in the country's tax-to-GDP rising from 7.8% in 2000 to 14.1% in 2018.

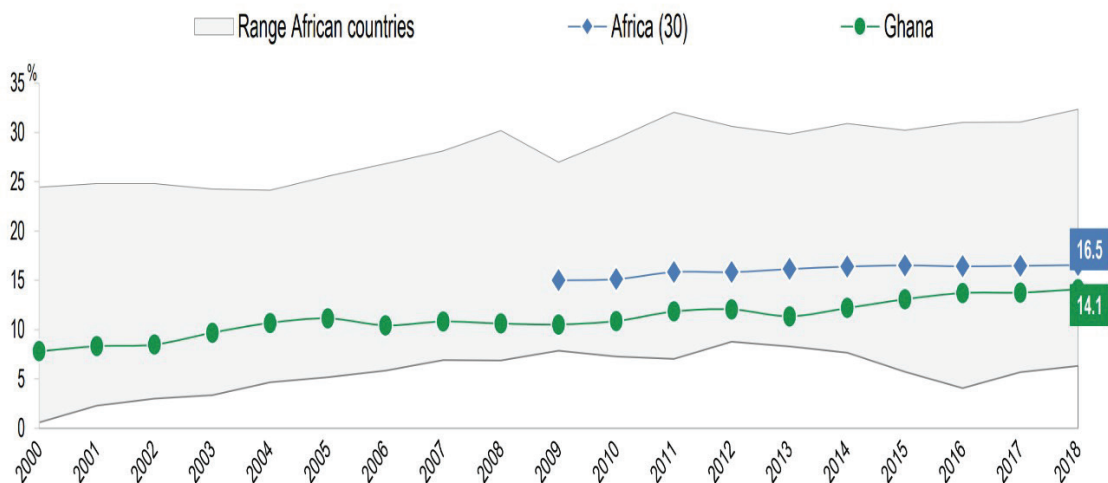


Fig. 20. Year-on-Year Assessment of Ghana's Tax-to-GDP Ratio²³

44. Despite these initiatives, Ghana's tax-to-GDP at 14.1% in 2018 and a Covid-induced reduction of 12.2% in 2020²⁴ is significantly lower than government targets, its regional and income-level peers. While the government targets increasing tax-to-GDP to 20% by 2023, it has been around the current level for several years despite consistent efforts. Ghana's tax-to-GDP ratio is lower than the average of the 30 African countries of 16.5% (as shown in Fig. 20) and much lower than some other

²³ OECD (2020), Revenue Statistics in Africa 2020 – Ghana. Available at <https://www.oecd.org/countries/ghana/revenue-statistics-africa-ghana.pdf>

²⁴ World Bank (2020). Tax revenue (% of GDP). Available from: <https://data.worldbank.org/indicator/GC.TAX.TOTL.GD.ZS>

comparable lower-middle-income countries in the world (Kenya: 17.4%, Senegal: 16.5%, Cambodia: 25.1%, Morocco: 27.8%, Vietnam: 18.6%).

45. Further weaknesses in Ghana’s domestic resource mobilization identified by the 2018 PEFA assessment related to aggregate revenue outturn, revenue administration and revenue accounting. On revenue outturn, the assessment showed that the country’s revenues had, on aggregate, not performed as expected, and the non-performance was witnessed with respect to income, property and trade taxes. The weaknesses observed with revenue administration related to the non-existence of the risk management program, compliance improvement plans, lack of comprehensive assessment of aged-analysis of tax debtors, among others. The 2022-2026 PFM Strategy intends to strengthen the country’s tax policymaking and administration systems to address these weaknesses.

46. On non-tax revenues, it was observed that as of 2018, Ghana’s non-tax revenues amounted to 3.2% of GDP, and this was 50.8% lower than the average non-tax revenues for the 30 African countries (6.5% of GDP). Figure 15 provides a detailed breakdown of the non-tax revenues sources with sales of goods and services representing the largest share of non-tax revenues in 2018, amounting to 1.2% of GDP and 39.2% of non-tax revenues

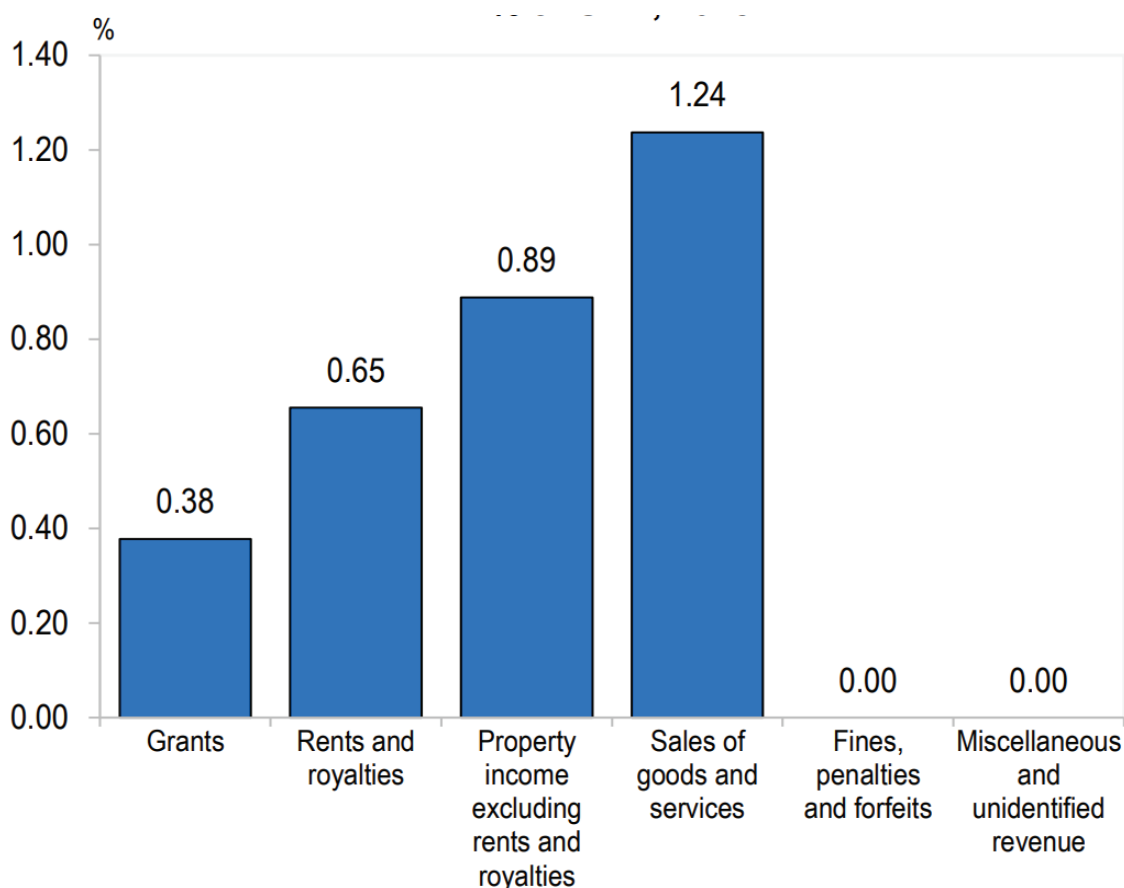


Fig. 21. Non-Tax Revenues by Category in Ghana, % of GDP at 2018²⁵

²⁵ OECD (2020), Revenue Statistics in Africa 2020 – Ghana. Available at <https://www.oecd.org/countries/ghana/revenue-statistics-africa-ghana.pdf>

47. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

Strategic Objective	3.1 Improve and sustain domestic resource mobilization	
Expected Outcome	<ol style="list-style-type: none"> 1. Tax net expanded 2. Tax exemptions rationalised 3. Domestic revenue increased 	
Results Indicator	<ol style="list-style-type: none"> 1. Tax-to-GDP ratio 2. NTR-to-GDP ratio 	
	INTERVENTIONS	INTERMEDIATE OUTCOMES
10	Improve GRA processes and systems to enhance revenue mobilization	Increased tax net and rationalized tax exemptions
11	Strengthen taxpayer compliance	Reduced time to file and pay tax and increased risk-based tax audit
12	Strengthen Custom Technical Services Bureau (CTSB) capacity in classification and valuation of imports to Ghana	Improved integrity of classifications and valuation conducted by the CTSB
13	Improve NTPU/MDAs capacity in non-tax (Internally Generating Fund (IGF)) policy	Increased non-tax (IGF) receipts

	formulation, analysis, and reporting	
14	Improve tax dispute resolution	Reduced time to settle administrative reviews
15	Strengthen the capacity of TPU in DTA negotiations	Improved quality of DTA agreements

4.3 Strategic Objective 3.2: Improve External Resource Mobilization

48. Ghana’s external resource mobilization effort is led by the External Resources Mobilization and Economic Relations Division (ERMERD) of the MoF. The Division is to mobilize external resources in the form of grants, loans, technical assistance, and other external financing instruments to complement domestic resources mobilization. The external resources are mobilized from bilateral sources (i.e., development cooperation with other countries) and the multilateral sources (i.e., multilateral development institutions such as the AfDB, EU, IMF and the World Bank). Currently, there are 33 Development Partners (DPs) comprising 22 bilateral countries and 11 multilateral institutions funding 160 projects/programs in Ghana, mainly in the Social, Infrastructure, Administration, and Economic sectors.²⁶ The 2022-2026 PFM Strategy intends to optimize external resource mobilization by enhancing the coordination and alignment of external resource mobilization and disbursement of donor funds.

49. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

²⁶ [Overview - External Resource Mobilization Division \(Multilateral\) | Ministry of Finance | Ghana \(mofep.gov.gh\)](https://mofep.gov.gh)

Strategic Objective	3.2: Improve external resource mobilization
Expected Outcome	Increased external resource
Results Indicator	External resource to GDP ratio increased

INTERVENTIONS		INTERMEDIATE OUTCOMES
16	Optimize external resource mobilization and efficient utilization of donor funds	Increased use of country systems in the disbursement of donor funds and enhanced coordination and alignment of external resource mobilization

4.4 Strategic Objective 3.3: Enhance Procurement Management and Oversight

- 50. A sound legal framework exists for public procurement management and oversight.** The Public Procurement Authority (PPA), 2003 (Act 663) as amended in 2016 (Act 914) provides for public procurement, establish PPA, make administrative and institutional arrangements for procurements, stipulates tendering procedures, and provide for related matters. The PPA has the objective to harmonize public procurement processes in the public service to secure a judicious, economic and efficient use of state resources in public procurement and ensure that public procurement is carried out in a fair, transparent and non-discriminatory, environmental socially sustainable manner.
- 51.** Notwithstanding these successes in Ghana’s procurement management, there is a truism that insufficient competition in public procurement still exists. Value-for-money is one of the most important principles of public procurement, along with transparency and accountability. Limited competition in public procurement means citizens are not receiving the maximum service possible relative to the amount of tax paid. It also presents an uneven playing field for potential participants, especially those that are less influential, small or new entities. To address these weaknesses, the 2022-2026 PFM Strategy intends to increase accountability, integrity and transparency in government procurement through activities that will enhance Ghana’s procurement management and oversight.

52. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

Strategic Objective	3.3: Enhance procurement management and Oversight
Expected Outcome	Improved economy, efficiency transparency and accountability of Government procurement
Results Indicator	<ol style="list-style-type: none"> 1. Percentage of procurements undertaken through competitive methods 2. Percentage of awards published

INTERVENTIONS

17	Strengthen Procurement Management
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INTERMEDIATE OUTCOMES

Increased accountability, integrity and transparency in government procurement
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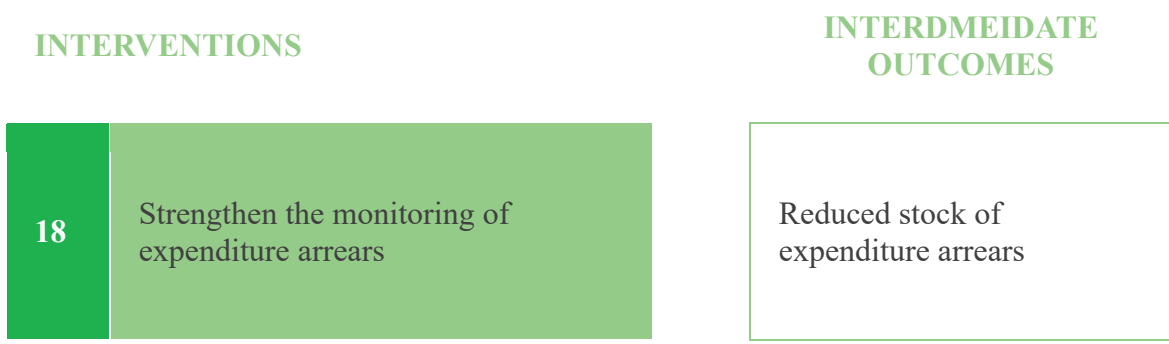
4.5 Strategic Objective 3.4: Enhance Commitment Control

53. Lack of effective budget releases, commitment control, and cash management leads to cash rationing and accumulation of expenditure arrears. PEFA’s budget execution score for Ghana is D+ mainly because MoF is unable to deliver a predictable and timely release of funds to the MDAs during the year, which negatively affects their service delivery planning and execution due to budget constraints arising from cashflow issues. The main complaint of all MDAs is delays in budget release. The MDAs commit expenditures for payment up to three months ahead, but more often, cash is not available to honor all invoices, and the selection of which invoice to pay is arbitrary. This results in significant payment arrears (with a D score on PEFA). The 2022-2026 PFM Strategy intends to reduce the stock of expenditure arrears by enhancing commitment control and expenditure monitoring.

54. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

Strategic Objective	3.4: Enhance commitment control
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Expected Outcome	Expenditure arrears reduced
Results Indicator	Expenditure arrears (as a percentage of Central Government budgetary expenditures)



4.6 Strategic Objective 3.5: Improve HR and Payroll Management

55. Ghana’s HR and payroll management use two separate but related, oracle-based systems of the Human Resource Management Information System (HRMIS) and the Integrated Personnel and Payroll Database (IPPD 2) system. The HRMIS is managed by the Public Services Commission (PSC) and the IPPD 2 by the Controller and Accountant-General’s Department (CAGD). The critical weakness observed by the 2018 PEFA assessment was that the HRMIS had only achieved a 50% coverage, and hence its feed into the IPPD 2 system only covered that percentage, thereby requiring the remaining 50% feed from a non-automated manual-based system. To address this weakness, the 2022-2026 PFM Strategy intends to strengthen the country’s payroll management through a deepened rollout of the HRMIS and effective payroll and pensions management.

56. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this pillar are:

Strategic Objective	3.5: Improve HR, Payroll and Pensions Management
Expected Outcome	1. Enhanced integrity of the payroll 2. Timely salary and pension payments via EFT
Results Indicator	Percentage of payroll subjected to annual verification audit

INTERVENTIONS		INTERMEDIATE OUTCOMES
19	Undertake a comprehensive Human Resource (HR) audit across all MDAs/MMDAs	Improved establishment ceilings of MDAs/MMDAs
20	Rollout HRMIS to all MDAs/MMDAs	Increased access of MDAs/MMDAs to HRMIS
21	Enhance the capacity of the Public Services Commission to better deliver on its mandate	Improved HR services delivery by the Public Services Commission
22	Strengthen payroll administration	Improved integrity of the active payroll
23	Enhance pensions management	Increased efficient management of pensions' payroll

4.7 Strategic Objective 3.6: Enhance Public Investment and Asset Management

57. Ghana's multi-year plans are in the main aspirational, which rarely materializes in practice, and this has led to resource overcommitment to too many projects. CAPEX budget has been consistently underspent [-11.2% (2017), -31.3% (2018) and -27.9% (2019)]. This is due to reduced fiscal space caused by high debt service, energy sector costs, CAPEX, social and development spending.²⁷ Currently, the country's public investment portfolio consists of more than 6,500 on-going projects.²⁸ The 2018

²⁷ IMF. 2021. Article IV Staff Report.

²⁸ Based on discussions during the Implementation Support Mission for the Ghana Economic Management Strengthening Project in June 2021.

PEFA score of Ghana with respect to “PI 11.2 Investment project selection” was D because of the country’s limited ability to select projects.²⁹ In addition, the country’s recent Public Investment Management Assessment (PIMA) also identified several areas for improvement of public investment management and to reduce time and cost overruns. The 2022-2026 PFM Strategy intends to increase the proportion of annual public investment projects completed by strengthening the capacity of the Public Investment and Asset Division of MoF and MDAs/MMDAs in public investment management.

58. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

Strategic Objective	3.6: Strengthen Capacity in Public Investment Management	
Expected Outcome	All investment projects are appraised and prioritized within the available fiscal space	
Results Indicator	<ol style="list-style-type: none"> 1. Percentage of new projects that are pre-appraised in line with PIM regulations; 2. Proportion of annual investment budget (CAPEX) allocated to pre -appraised-new projects 	
INTERVENTIONS		
24	Strengthen the capacity of PIAD, MDAs/MMDAs to manage public Investment	INTERMEDIATE OUTCOMES
		Increased proportion of annual public investment projects completed
25	Strengthen the capacity of PIAD to assist MDAs/MMDAs and SOEs in the development and implementation of PPPs	INTERMEDIATE OUTCOMES
		Enhance participation of the private sector in the financing of the government investment projects

²⁹ Republic of Ghana. 2018. Public Expenditure and Financial Accountability Performance Assessment Report.

26	Improve the management of financial and non-financial assets	Increased return on government investment in financial and non-financial assets
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4.8 Objective 3.7: Enhance the management and performance of SOEs

59. A critical aspect of Ghana’s public investment and asset management concerns SOEs³⁰ and their burden on the government’s resources. SOEs’ contributions to the national budget are low, with most paying neither taxes nor dividends. In 2019 of the 98 SOEs, only 11 entities paid dividends to the state totaling GHS61.5 million.³¹ The government intends to reduce the fiscal burden imposed by SOEs by reducing the net transfers as a percentage of total public spending. However, SOEs’ financial and non-financial performance is less than optimal, resulting in reported losses, requests for government bailouts,³² and liabilities that are unaccounted for in public finances. This underperformance is due to inadequate oversight, monitoring, transparency and accountability of SOEs.³³ Therefore, the 2022-2026 PFM Strategy intends to reduce net subsidies/ transfers to SOEs by enhancing SIGA’s oversight and monitoring of their performance, corporate governance and profitability.

60. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

Strategic Objective	3.7: Enhance the management and performance of SOEs
Expected Outcome	All investment projects are appraised and prioritized within the available fiscal space

³⁰ There are 175 state entities, comprising 52 SOEs, 46 Joint Venture Companies (JVCs) and 77 other State Entities (OEs).

³¹ 2019 State ownership Report, page 7.

³² The 2021 Article IV Report the International Monetary Fund (IMF) revealed that the energy sector cost to the budget was estimated at 2.7 percent of GDP in 2020 and the financial sector restructuring is estimated to have cost 6.8 percent of GDP between 2017 and 2020.

³³ The Acting Auditor General in his 2020 report on Public Boards, Corporations and other Statutory Institutions for December 31, 2020 revealed a number of irregularities namely, outstanding debtors/loans, cash, payroll, procurement, tax, stores, and contract irregularities all amounting to GHS 12.9 billion.

Results Indicator

1. Percentage of new projects that are pre-appraised in line with PIM regulations
2. Proportion of annual investment budget (CAPEX) allocated to pre-appraised-new projects

INTERVENTIONS

27	Enhance SIGA's oversight and monitoring of the performance, corporate governance and profitability of SOE's
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INTERMEDIATE OUTCOMES

Reduced net subsidies/transfers to SOEs

4.9 Strategic Objective 3.8: Strengthen Cash, Treasury, and Debt management

61. Lack of effective budget releases, commitment control, and cash management leads to cash rationing and accumulation of expenditure arrears. PEFA's budget execution score for Ghana is D+ mainly because MoF is unable to deliver a predictable and timely release of funds to the MDAs during the year, which negatively affects their service delivery planning and execution due to budget constraints arising from cashflow issues. The main complaint of all MDAs/MMDAs is delays in budget release. Despite budgeted allocations being barely adequate, the cash releases have fallen short of those bare minimums required for MDAs/MMDAs hindering their ability to provide efficient and acceptable service delivery. The 2022-2026 PFM Strategy intends to address these weaknesses by strengthening the government's cash and debt management systems.

62. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this pillar are:

Strategic Objective

3.8: Strengthen cash, treasury and debt Management

Expected Outcome

Ensure timely public payments
Improve debt sustainability

Results Indicator

Debt to GDP Ratio

INTERVENTIONS		INTERMEDIATE OUTCOMES
28	Strengthen government cash management	Enhanced forecasting and coverage of Government cash balances in Treasury Single Account (TSA) and improved timely public payment
29	Strengthen debt management	Improved debt sustainability

4.10 Strategic Objective 3.9: Improve Effectiveness of the Internal Audit Function

63. Ghana's accountability process is undermined due to the lack of effectiveness of the internal audit. The internal audit units currently perform pre-audit checks and focus on financial compliance rather than systemic audit issues. This is not in line with the prevailing legislation. Per s.83 of the PFM Act 2016, Act 921, the Internal Auditor of a covered entity is required to submit quarterly reports on the execution of the annual audit work plan to the Principal Spending Officer of the covered entity concerned, the Audit Committee, the Auditor-General and the Director-General of the Internal Audit Agency. The Internal Audit Agency (IAA) exists as a Central Agency to coordinate, facilitate, and provide quality assurance for internal audit activities within MDAs and MMDAs. Additionally, the Internal Audit Units draw their budget from their respective covered entities, a situation that undermines their independence and effectiveness. The 2022-2026 PFM Strategy intends to address these weaknesses by strengthening the institutional capacity of the IAA and IAUs and the internal audit function across covered entities.

64. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of this aspect of Pillar 3 are:

Strategic Objective

3.9: Improve effectiveness of the internal audit functions

Expected Outcome

Internal controls in MDAs/MMDAs enhanced

Results Indicator

Number of Internal Audit recommendations implemented

INTERVENTIONS**INTERDMEIDATE OUTCOMES**

30

Strengthen the Internal Audit function across covered entities

Enhanced internal control across covered entities

5. Strategic Pillar 4: Accounting and Reporting Using GIFMIS

5.1 Introduction

65. Accounting and reporting using GIFMIS (Strategic Pillar 4) deal with the fundamental role of quality financial information in ensuring an efficient PFM system. The strategic focus of this pillar is on the essential role played by good and quality financial information in providing an efficient PFM system. Accounting and reporting, a critical phase in the PFM cycle, includes creating, maintaining, and storing financial data; in-year budget reporting; and year-end financial statements. High-quality financial information ensures data integrity and provides the basis for efficient resource allocation and utilization and decision-making by Government. Accordingly, covered entities are enjoined by the provisions of the PFM Act and its Regulation to use the GIFMIS platform to manage public funds, including the consolidated fund, internally generated funds (IGFs), statutory funds and donor funds.

5.2 Strategic Objective 4.1: Enhance the Integrity of Financial Data

66. The integrity of financial data determines the value and usefulness of the information generated from the data. Section 8(3)(4) of the PFM Act, 2016 (Act 921) entrusts the responsibility for the integrity of financial data on the use of public funds as well as other related tasks with the Controller and Accountant-General, with ultimate accountability to the Minister for Finance. Significant strides have been made in Ghana's PFM efforts over the last two decades to maintain financial data quality and integrity.

67. According to the 2018 PEFA assessment, these strides primarily hinged on the rollout of the GIFMIS, which had tremendously improved accounting and financial reporting in Ghana. However, the principal obstacle of the system has been with its non-comprehensive coverage of other funds such as the statutory, internally generated and donor funds. In addition, the integrity of the financial data had also been challenged by the non-existence of automatic bank reconciliation (ABR) functionality within the GIFMIS. For these reasons, the resulting annual financial statements generated through the system do not meet the completeness requirement. Ghana strengths concerning this performance dimension lie in its ability to provide the public with information on its fiscals. However, the critical obstacle has been with the country's in-year budget reports, whose coverage is limited because they provide information on only one source of finance: the consolidated funds. The 2022-2026 PFM Strategy intends to address these weaknesses by deepening the rollout and usage of GIFMIS financials in five sectors – health, education, infrastructure, agriculture, and local government. The Strategy also intends to strengthen functionalities of the GIFMIS financials, including ABR.

68. The key strategic objectives, expected outcomes, indicators, interventions, and intermediate outcomes of Pillar 4 are:

Strategic Objective	4.1: Enhance the integrity of financial data
Expected Outcome	Improved quality and timeliness of financial reports
Results Indicator	<ol style="list-style-type: none"> 1. Budget classification (i.e., the extent to which government budget and accounts classification is consistent with international standards) 2. Percentage of General Government Budgetary expenditure processed through GIFMIS

INTERVENTIONS		INTERMEDIATE OUTCOMES
31	Strengthen the management of government Chart of Accounts (COA)	Improved Accounting and Budgetary classifications
32	Deepen GIFMIS Financial in 5 Sectors	Increased use of GIFMIS in 5 Sectors
33	Strengthen the functionalities of GIFMIS Financials	Improved performance of all GIFMIS Functionalities

5.3 Strategic Objective 4.2: Support On-going Processes of IPSAS-compliant Financial Reports

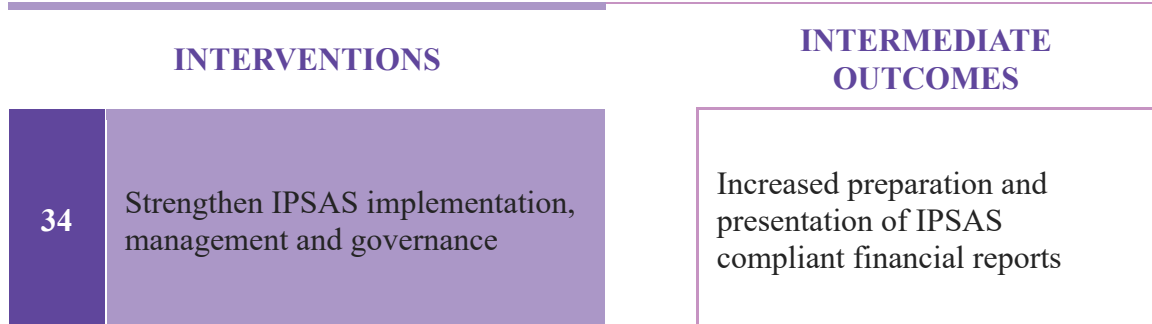
69. The financial statements on the consolidated fund continue to be prepared on a modified accrual basis using the historical cost convention³⁴ Hence, Ghana is yet to achieve full IPSAS compliance. This development does not fully align with the provisions in Regulation 208 of L.I. 2378, which provides for the accounting basis of a covered entity for the record of revenue, expenditure, assets, and liabilities to be on an accrual basis or as determined by the CAGD. The CAGD has embarked on a phased approach to achieve full IPSAS compliance³⁵ for the last seven years. The preparation of the final accounts of the general government following selected IPSAS is expected

³⁴ https://www.cagd.gov.gh/wp-content/uploads/2019/12/2018_ANNUAL_ACCOUNT_Final_After_audit_24-6-19.pdf

³⁵ <https://www.cagd.gov.gh/projects/ipsas/>

to be completed in the first quarter of 2023.³⁶ Efforts already undertaken as part of the roadmap for transition to IPSAS compliant financial statements include (a) the building of capacity of 5000 public sector accountants and auditors in all the 42 IPSAS standards, (b) the development of various strategies and road maps to aid the country’s IPSAS implementation efforts, (c) the stocktake of all legacy fixed assets, (d) the review of and compilation of GIFMIS-IPSAS gap-analysis report, (e) review of systems for non-tax revenue collections and their accounting capabilities.³⁷ The 2022-2026 PFM Strategy intends to increase the preparation and presentation of IPSAS compliant financial reports by further strengthening the country’s IPSAS implementation, management and governance.

Strategic Objectives	4.2: Expand coverage and improve quality of Annual Financial reports
Expected Outcome	Annual Financial Statements are complete, timely and consistent with IPSAS
Results Indicator	Number of covered entities financial reports that are compliant with IPSAS



³⁶ IPSAS implementation work plan.

³⁷ <https://www.cagd.gov.gh/projects/ipsas/>

6. Strategic Pillar 5: External Audit and Legislative Scrutiny

6.1 Introduction

70. The external audit and parliamentary scrutiny (i.e., Strategic Pillar 5) deals with the role of external audit and legislative scrutiny in upholding transparency, accountability, integrity, and public confidence in government institutions. Robust oversight ensures that public entities are held accountable for their decisions, actions and omissions in managing public resources. The role of the key institutions for audit and oversight have been prescribed in the laws of Ghana. These include the 1992 Constitution, Public Financial Management Act, 2016 (Act 921), PFM Regulations, 2019 (L.I. 2378) and the Audit Service Act, 2000 (Act 584).

6.2 Strategic Objective 5.1: Strengthen Independence and Capacity of the Ghana Audit Service

71. The Ghana Audit Service (GAS) is the Supreme Audit Institution (SAI) of Ghana and one of the most crucial accountability organs of the State. GAS is to deliver professional, excellent, and cost-effective auditing services, including a robust legal framework, membership of key audit institutions across the world, and the development of an Audit Management Information System (AMIS)³⁸ to improve audit efficiency. Significant efforts have been made to strengthen the operational independence and capacity of GAS over the years. These include the provision of tools, manuals, and training enabled by the increase in funding from the State. Most importantly, GAS has also adopted risk-based audit strategies to enhance the effectiveness of its audits. Improvement in GAS's performance of B+ (i.e., PI-30 under Pillar 7 of the 2018 PEFA assessment) duly lends credibility to these developments. However, despite the considerable gains, GAS still faces a myriad of challenges that could undermine its ability to effectively play its oversight role in the long run if not addressed. Thus, the 2022-2026 PFM Strategy intends to improve the quality and timeliness of audit reports by further strengthening the external auditing functions of GAS.

72. The key strategic objectives, expected outcome, results indicator, interventions and intermediate outcomes of this aspect of Pillar 5 are:

Strategic Objectives	5.1: Strengthen independence and capacity of Ghana Audit Service
Expected Output	Improved oversight and accountability over budget execution

³⁸ The development of the AMIS is complete. However, it is yet to be rolled out for use by staff.

Results Indicator	Percentage of external audit recommendations implemented	
	INTERVENTIONS	INTERMEDIATE OUTCOMES
35	Strengthen External Auditing	Improved quality and timeliness of audit reports

6.3 Strategic Objective 5.2: Strengthen PFM Oversight Capabilities of Parliament

73. Parliament plays a crucial role in providing oversight and scrutiny over public finances in Ghana. The work of the Parliamentary Committees, including Special Budget Committee (SBC), Finance Committee (FC), Public Accounts Committee (PAC) in the PFM space, continues to add immense value to PFM oversight. In line with s.22 of the PFM Act (2016), Act 921, annual budget documents, including correlative work plans, are reviewed and approved by Parliament within the statutory time frame. In addition, Ghana’s PAC had gained international recognition for being robust and unyielding in holding the executive accountable for their stewardship. Despite this, however, the PAC had suffered from having to deal with a backlog of audit reports; hence their scrutiny tends to deal with audit reports that are almost three years late at any point in time. The 2022-2026 PFM Strategy intends to address this weakness by improving the timeliness of the PAC’s review of the Auditor-General’s reports.

74. The key strategic objectives, expected outcome, results indicator, interventions and intermediate outcomes of this aspect of Pillar 5 are:

Strategic Objectives	5.1: Strengthen PFM oversight capabilities of parliament
Expected Output	Improved oversight and accountability over budget execution
Results Indicator	Percentage of PAC recommendations implemented

INTERVENTIONS

36

Strengthen Legislative Oversight of the Auditor-General's reports

INTERMEDIATE OUTCOMES

Improved timeliness of PAC review of the Auditor-General's reports

7. Governance, Change Management, Communication and Monitoring & Evaluation

7.1 Introduction

75. The governance arrangement of this Strategy will have a broader coverage as its implementation will involve several stakeholders, including MDAs, MMDAs and Development Partners. Effective coordination of these stakeholders requires a governance structure comprising a high-level PFM Steering Committee (PFMSC) and PFM Sector Working Group (PFM-SWG). It is envisaged that this structure will enable both the executing agency (i.e., MoF) and all the implementing agencies to work harmoniously to achieve the respective strategic objectives and outcomes of this 2022-2026 PFM Strategy. Thus, the Strategy intends to improve Ghana’s PFM reforms coordination, tracking the PFM performance and adaptability to change by strengthening the governance, change management, communication, monitoring and evaluation of the Strategy’s implementation.

7.2 Strategic Objectives, Interventions and Outcomes

76. The key strategic objectives, expected outcome, results indicator, interventions, and intermediate outcomes of this cross-cutting pillar are:

Strategic Objective	<ul style="list-style-type: none"> ▪ Strengthen implementation and achievement of the objectives of the Strategy
Expected Outcome	<ul style="list-style-type: none"> ▪ PFM reforms implementation is effectively led through an adequate governance structure and effective change management and tracking of results
Results Indicator	<ul style="list-style-type: none"> ▪ Number of PFM Strategy progress reports ▪ Number of research papers on PFM reform lessons ▪ Number of change management facilitation reports ▪ Number of M&E reports

INTERVENTIONS	INTERMEDIATE OUTCOMES
37	<div style="background-color: #a6c9ec; padding: 10px; border: 1px solid #0056b3;"> Strengthen Governance of the PFM Strategy </div>
	Improved PFM reform coordination

38	Strengthen Monitoring and Evaluation of the PFM Strategy	Improved tracking of PFM performance and results
39	Strengthen Change Management and Communication of PFM Strategy	Improved adaptability of PFM reforms interventions
40	Provide for Just-In-Time (JIT) funding basket to address shortfalls in the funding of strategic interventions	Addressed shortfalls in the funding of strategic interventions

8. Costing and Prioritisation of Strategic Pillars, Objectives, and Interventions

77. The summary of the costing and prioritization of each strategic pillars, objective and intervention are outlined in Table 6. In addition, the detailed cost breakdown per strategic pillar, objective, and interventions is provided in the detailed Action Plan accompanying this Strategy.

Table 6. Summary of the Costing and Prioritization of the 2022-2026 Strategy

No.	Intervention	Cost (US\$)	Short – term		Medi um-term	Long – term	
			2022	2023	2024	2025	2026
Pillar 1: Strategic Planning and Macro-fiscal Framework – (US\$ 10,000,000)							
Strategic Objective 1.1: Strengthen Strategic Planning and Macro-fiscal Forecasting							
1.	Strengthen the national development planning system at all levels.	2,600,000					
2.	Strengthen the capacity of the National Development Planning Commission (NDPC) to monitor the implementation of Sector Medium-Term Development Plans (SMTDP)	2,400,000					
3.	Enhance the capacity of ESRD and related institutions in macro-fiscal forecasting and fiscal risk management	4,140,000					
4	Enhance the operational efficiency of Fiscal Management Agencies (FMAs) ³⁹	320,000					
5	Strengthen the capacity of the Committee on the Economy, their clerks and research officers in fiscal policy formulation, strategic planning and analysis	540,000					
Pillar 2: Budget Preparation and Approval (US\$ 16,729,500)							
Strategic Objective 2.1: Strengthen processes for budget formulation							
6.	Strengthen Program-Based Budgeting across covered entities.	1,210,000					
7.	Integrate financials (i.e., quantitative data) and non-financials (i.e., qualitative data) in the Hyperion	5,512,000					
8.	Rollout Hyperion to all MMDAs.	6,925,000					
Strategic Objective 2.2: Consolidate and enhance good practices in legislative oversight of the budget							
9.	Strengthen legislative scrutiny, adjustments and approval of Government budget	3,082,500					
Pillar 3: Control Predictability and Transparency in budget execution (US\$ 143,163,565)							
Strategic Objective 3.1: Improve and sustain domestic revenue mobilization (US\$ S 41,580,000)							
10.	Improve GRA processes and systems to enhance revenue mobilization	16,350,000					
11.	Strengthen taxpayer compliance	6,600,000					

³⁹ Fiscal Management Agencies include Bank of Ghana (BoG), Ghana Statistical Services etc.

No.	Intervention	Cost (US\$)	Short – term		Medi um-term	Long – term	
			2022	2023	2024	2025	2026
12.	Strengthen Custom Technical Services Bureau (CTSB) capacity in classification and valuation of imports to Ghana	5,950,000					
13.	Improve NTPU/MDAs capacity in tax policy formulation, analysis, and reporting	11,530,000					
14.	Improve tax dispute resolution	400,000					
15.	Strengthen the capacity of TPU in DTA negotiations	750,000					
Strategic Objective 3.2: Improve external resource mobilization (US\$ 11,041,000)							
16.	Strengthen external relations, resource mobilization and utilization of donor funds	11,041,000					
Strategic Objective 3.3: Enhance procurement management and oversight (US\$ 8,219,000)							
17.	Strengthen Procurement Management	8,219,000					
Strategic Objective 3.4: Enhance commitment control (US\$ 1,260,000)							
18.	Strengthen the monitoring of expenditure arrears	1,260,000					
Strategic Objective 3.5: Improve HR and payroll management (US\$ 14,125,000)							
19.	Undertake a comprehensive Human Resource (HR) audit across all MDAs/MMDAs.	2,500,000					
20.	Rollout of the retooled HRMIS to all MDAs/MMDAs	6,971,000					
21.	Enhance the capacity of the Public Services Commission to better deliver on its mandate	750,000					
22.	Strengthen payroll administration	800,000					
23.	Enhance pensions management	3,104,000					
Strategic Objective 3.6: Enhance public investment and asset management (S\$ 24,123,225)							
24.	Strengthen the capacity of PIAD, MDAs and MMDAs to manage public Investment	3,230,000					
25.	Strengthen the capacity of PIAD to assist MDAs, MMDAs and SOEs in the development and implementation of PPPs	10,113,750					
26.	Improve the management of financial and non-financial assets	10,779,475					
Strategic Objective 3.7: Enhance the management and performance of SOEs (US\$ 31,253,340)							
27.	Enhance SIGA's oversight and monitoring of the performance, corporate governance and profitability of SOE's	31,253,340					
Strategic Objective 3.8: Improve cash, treasury, and debt management (US\$ 4,527,500)							
28.	Strengthen government cash management	3,500,000					
29.	Strengthen debt management	1,027,000					
Strategic Objective 3.9: Enhance the independence and effectiveness of the internal audit function (US\$ 7,034,500)							
30.	Strengthen the Internal Audit function across covered entities	7,034,500					
Pillar 4: Accounting and Fiscal Reporting Using GIFMIS (US\$ 29,190,000)							

No.	Intervention	Cost (US\$)	Short – term		Medi um-term	Long – term	
			2022	2023	2024	2025	2026
Strategic Objective 4.1: Enhance the integrity of financial data (US 21,040,000)							
31.	Enhance the integrity of financial data	480,000					
32.	Deepen GIFMIS Financial in 5 Sectors	4,920,000					
33.	Strengthen GIFMIS Financials and other Functionalities	15,640,000					
Strategic Objective 4.2: Support on-going process to achieve IPSAS-compliant Financial Statements (US\$ 8,150,000)							
34.	Strengthen IPSAS implementation, management and governance	8,150,000					
Pillar 5: External Audit and Parliamentary Scrutiny (US\$ 13,640,000)							
Strategic Objective 5.1: Strengthen the independence and capacity of the Ghana Audit Service (8,640,000)							
35.	Strengthen External Auditing	8,640,000					
Strategic Objective 5.2: Strengthen the PFM oversight capabilities of Parliament (US\$ 5,000,000)							
36.	Strengthen Legislative Oversight of the Auditor-General's reports	5,000,000					
Project Implementation (US\$ 87,276,935)							
Strengthen implementation and achievement of the objectives of the Strategy							
37.	Strengthen Governance of the PFM Strategy	4,500,000					
38.	Strengthen Monitoring and Evaluation of the PFM Strategy	12,000,000					
39.	Strengthen Change Management and Communication of PFM Strategy	8,500,000					
40.	Just-In-Time	62,276,935					

78. The summary of the costing and prioritization of each strategic pillars and objective are outlined in Table 7. In addition, the detailed cost breakdown per strategic pillar, objective, and interventions is provided in the detailed Action Plan accompanying this Strategy.

Table . Summary of the Costing and Prioritization of the 2022-2026 Strategy

#	Pillar/Strategic Objective	Cost (US\$)
1.	Strategic Planning and Macro-fiscal Forecasting	10,000,000
1.1	Strengthen strategic planning and macro-fiscal forecasting	10,000,000
2.	Budget Preparation and Approval	16,729,500
2.1	Strengthen processes for Budget Formulation	13,647,000
2.2	Consolidate and enhance good practices in the area of legislative review and approval of the budget	3,082,500
3.	Control Predictability and Transparency in Budget Execution	143,163,565
3.1	Improve and sustain domestic revenue mobilization	41,580,000
3.2	Improve External Resource Mobilization	11,041,000
3.3	Enhance procurement management and oversight	8,219,000
3.4	Enhance Commitment Control	1,260,000

3.5	Improve HR, payroll and pensions management	14,125,000
3.6	Improve public investment and asset management	24,123,225
3.7	Enhance the management and performance of SOEs	31,253,340
3.8	Improve Cash, Treasury and Debt Management	4,527,500
3.9	Enhance the independence and effectiveness of the internal audit function	7,034,500
4.	Accounting and Fiscal Reporting Using GIFMIS	29,190,000
4.1	Enhance the integrity of financial data	21,040,000
4.2	Support on-going process to achieve IPSAS-compliant Financial Statements	8,150,000
5.	External Audit and Parliamentary Scrutiny	13,640,000
5.1	Strengthen the independence and capacity of the Ghana Audit Service	8,640,000
5.2	Strengthen the PFM oversight capabilities of Parliament	5,000,000
6.	Project Governance, Management and Other Related Costs	87,276,935
6.1	Strengthen Project Management, Change Management, Communications, M&E etc	25,000,000
6.2	Just-In-Time (JIT)	62,276,935
7.	Total Project Cost (1+2+3+4+5+6)	300,000,000



Government of Ghana

**5 YEAR PUBLIC
FINANCIAL MANAGEMENT
(PFM) STRATEGY
2022-2026**

**Part
3**

**STRATEGY
IMPLEMENTATION**

9. Governance

79. **The governance structure for implementing Ghana’s 2022-2026 PFM Strategy is as depicted in Figure 22.** A structured approach for the program intended to implement the Strategy will be instituted from the very beginning. The Strategy will be managed through a strengthened Program Coordination Office (PCO) that would liaise and facilitate implementation of various reform components by the respective lead PFM institutions such as MOF, GRA, CAGD, GAS, IAA, NDPC, among others. The Program Director, supported by a PFM Coordinator, will report directly to the Chief Director of MoF. In addition, the Strategy would benefit from the change management facilitators to be deployed by PCO to the participating entities to support the day-to-day implementation of PFM reforms and unblock implementation issues as they arise.

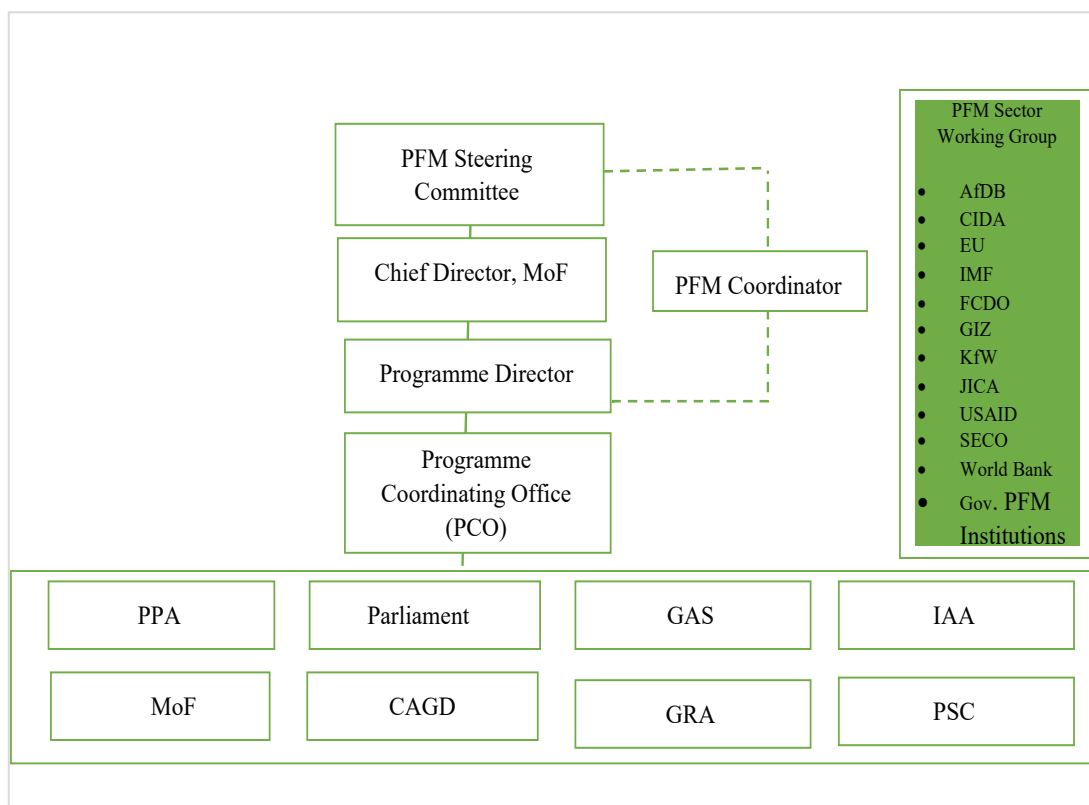


Figure 22: 2022-2026 PFM Strategy’s Governance Structure

80. **The PFM Steering Committee (PFM-SC) shall meet at least once every quarter to review the progress of the Strategy’s implementation.** The PFM-SC will be responsible for (a) providing strategic direction and oversight and (b) approving the annual work plans and budgets to implement the Strategy.

81. **The Membership of the PFM-SC will include, but may not be limited to, the Hon. Minister of State at the Ministry of Finance (as the Chair), Chief Director of Ministry of Finance, Chairperson of Public Services Commission, Head of Civil Service, Head of Local Government Service, Clerk of Parliament, Chief Director of the Ministry of Health, Chief Director of the Ministry of Education, Governor of Bank of Ghana, Commissioner-General of Ghana Revenue Authority, Controller and**

Accountant-General, Auditor-General, Director-General of Internal Audit Agency, Director-General of the National Information Technology Agency, Director-General of the National Development Planning Commission, Director-General of Ghana Health Service, Director-General of Ghana Education Service, Director-General of State Interest and Governance Authority, Chief Executive Officer of Public Procurement Authority, Directors of all the core PFM Divisions at the MoF, PFM Coordinator and the Program Director (as the Secretary).

- 82. The PFM Sector Working Group (PFM-SWG) shall be composed of representatives of all DPs providing funding in the PFM space in Ghana and some members of the PFM-SC.** The PFM-SWG shall be responsible for technical monitoring and guidance of the programme and shall meet on a semi-annual basis. In addition, the PFM-SWG will be responsible for (a) monitoring and reviewing the progress of Strategy implementation based on semi-annual progress reports and guiding to implementing agencies; (b) facilitating collaboration and coordination among theme components of the Strategy (c) participating in the programme reviews, evaluations, and diagnostic exercises; and (d) facilitating linkages with other Government on-going reform programmes. Membership of the PFM-SWG will comprise the Chief Director of Ministry of Finance (Co-Chair); the lead PFM Development Partner (Co-Chair), all DPs in the PFM space and service delivery space (i.e., Health and Education Sector Working Groups), Representative of the Civil Society Organisations (CSOs), the PFM Coordinator and the Program Director (Secretary).
- 83. The Program Coordination Office (PCO), which the National Program Director will head, will serve as a coordinating Office/Secretariat for the Strategy implementation.** The PCO will be responsible for (a) coordinating the implementation of the PFM Strategy; (b) preparing the Monitoring and Evaluation framework as well as the Change Management and Communication Strategies; (c) providing logistical support and guidance to the implementing agencies; (d) consolidating annual work plans and budgets for the implementation of the strategy from the implementing agencies and submit to the PFM-SC for approval; (e) monitoring implementation of the strategy and consolidation of progress reports for the PFM-SC and PFM-SWG; (f) monitoring all disbursements, commitments and expenditures relating to the implementation of the PFM Strategy; (g) providing oversight for the management of the various scope of work, and changes (if any); (h) maintaining programme financial accounts, preparation of annual financial statements; (i) facilitation of annual audits of the programme and coordination of policy dialogue between the Government and DPs on PFM Programme; and (j) regularly collecting and analysing data, preparation of monitoring reports and presenting these reports to the PFM-SC for consideration.
- 84. The implementing agencies responsible for the execution of the Strategy will include the key PFM and service delivery institutions such as the Ministry of Finance (MoF), Parliament, Ministry of Health (MoH) and Ministry of Education (MoE), Public Services Commission (PSC), Bank of Ghana (BoG), Ghana Revenue Authority (GRA), Controller and Accountant-General's Department (CAGD), the Ghana Audit Service (GAS), Internal Audit Agency (IAA), National Information Technology Agency (NITA), National Development Planning Commission (NDPC),**

the Office of the Head of Civil Service (OHSC), Local Government Service (LGS), Public Procurement Authority (PPA), State Interest and Governance Authority (SIGA), Ghana Health Service (GHS) and Ghana Education Service (GES).

10. Change Management

- 85. The 2022-2026 PFM Strategy is accompanied by the 2022-2026 PFM Change Management Strategy (as set out in Appendix 3).** The focus of the 2022-2026 PFM Changed management Strategy is on the ‘People Aspects’ of Ghana’s PFM agenda over the next 5-years. In this accompanying Strategy, change management is defined as the process of engaging and enrolling people at all levels of government for the effective and efficient implementation of the country’s 2022-2026 PFM Strategy.
- 86. The PFM Change Management Strategy development was informed by the gaps identified in change managing the implementation of Ghana’s 2015-2018 PFM Strategy, where ‘people change’ had not been a dominant feature of the reform process.** Thus, the Change Management Strategy is to aid the implementation of the proposed PFM interventions of this 2022-2026 PFM Strategy by focusing on the investments needed to undertake a robust ‘People Change Strategy’ and an actionable ‘Change Programme’.
- 87. The Change Management Strategy was conceptualized around a 3-pronged approach of (1) investing in enabling ‘People Change and Environment Shifts’, (2) identifying change accelerators via ‘Transformational Intervention Points’, and (3) ‘Prioritising Strategies for Execution’.**

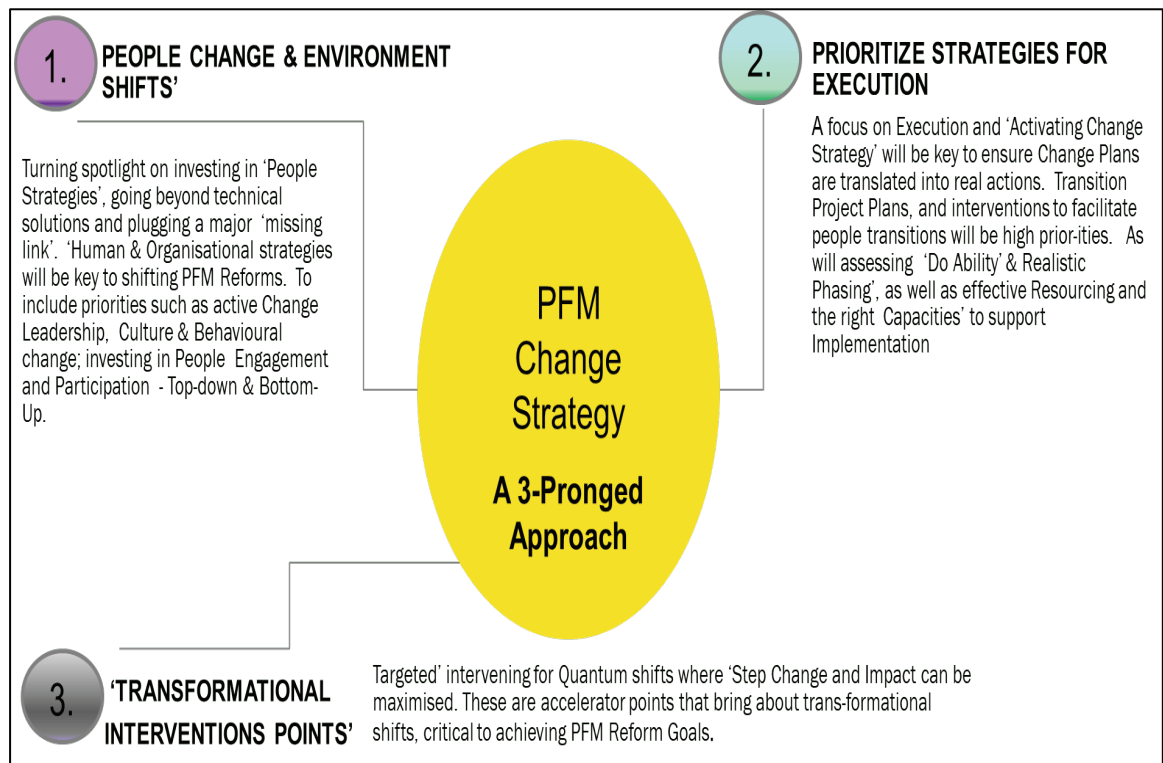




Fig. 23. The 3-Prong Approach to Ghana’s PFM Change Management Strategy

11. Communication

88. The communication aspect of the 2022-2026 PFM Strategy would comprise an overarching communication strategy, an internal and inter-agency communication strategy, the end-users communication strategy, the media-relations strategy and the digital-media strategy. A summary of the key considerations and interventions of each of these strategies are:

Strategies	Key Considerations/Interventions
<div style="background-color: #8B4513; color: white; padding: 10px; border: 1px solid #4F8127; display: inline-block;"> Over-arching Coms. Strategy </div>	<p>The over-arching communication strategy for the 2022- 2026 PFM Strategy would hinge around four key interventions:</p> <ul style="list-style-type: none"> ▶ Enhancing institutional capacity to strengthen and position the Strategy’s Communications Working Group (CWG). ▶ Increasing interaction and collaboration among the communication staff of the PFM institutions. ▶ Convening stakeholders to disseminate the Strategy’s messages and change management initiatives to End-User of the PFM systems and technological platforms to effect attitudinal and behavioural changes about the next phase of Ghana’s PFM reforms. ▶ Engagement and partnership with the media (including social media) to disseminate effectively on Ghana’s PFM agenda and initiatives.
<div style="background-color: #8B4513; color: white; padding: 10px; border: 1px solid #4F8127; display: inline-block;"> Internal and Inter- Agency Coms. Strategy </div>	<p>The thrust of the internal and inter-agency communication strategy is to incorporate communication into programme management practices of the CWG and PFMRP Secretariat and the PFM institutions.</p> <ul style="list-style-type: none"> ▶ The internal communication strategy will seek to build the capacity of the CWG on communication issues and identify who will speak on behalf of the Strategy and Projects/Programs for the implementation of the Strategy. ▶ The communication strategy for inter-agency groups will also seek to improve the dissemination of information on all matters on Ghana’s PFM Strategy; embark on

	<p>communication interventions regarding improved oversight practices; conduct outreach to the private sector (contractors, suppliers, consultants and other third-party groups) to equip them critical information about PFM reforms; and champion awareness creation to communicate messages about enforcement mechanisms.</p>
<p>End-User's Coms. Strategy</p> 	<p>The End-User agencies of the PFM Strategy include the core PFM institutions, Ministries, Departments and Agencies (MDAs) and MMDAs across the country and these end-user agencies and their staff are critical in the success of the reform interventions.</p> <ul style="list-style-type: none"> ▶ Examples of these end-user agencies staff include Planning Officers, Budget Officers, Procurement Officers, Accountants, Payroll Officers, Auditors, Human Resource Officers, and IT personnel, to mention a few. ▶ A four-pronged End-User strategy for this PFM Strategy is as follows: <ul style="list-style-type: none"> - End-users should be encouraged to see public finance mismanagement as having a negative impact on the quality of life for all Ghanaians - Technological and other resources needed by End-User staff should be provided - End-user staff should be given the training required to enhance their capacity to deliver to the optimum. - The directors of PFM institutions, MDAs and MMDAs, should champion the dissemination of PFM messages and change management initiatives to End-User staff
<p>Media Relations Coms. Strategy</p> 	<p>The PFM Strategy implementation will have a three-pronged media relations strategy as follows:</p> <ul style="list-style-type: none"> ▶ Identify and build the capacity of a core/select group of journalists who will focus on covering PFM reforms in radio and television programming, newspapers and digital media content. ▶ Guide the selected journalists to PFM coverage through mentoring, nurturing, and encouragement to specialize in PFM and

	<p>pursue the stories to their logical ends instead of scratching the surface of issues.</p> <ul style="list-style-type: none"> ▶ Promote and encourage PFM related discussions on Radio. This is because Radio is the most pervasive and influential mass media platform throughout Ghana.
<div data-bbox="293 484 526 782" style="background-color: #8B4513; color: white; padding: 10px; text-align: center;"> <p>Digital Media Coms. Strategy</p> </div>	<p>The digital media strategy seeks to maximize the use of digital platforms to establish a system of information flow between and among the various PFM institutions, MDAs, MMDAs, Development Partners and all other stakeholders. The interventions will focus on the following:</p> <ul style="list-style-type: none"> ▶ Increasing interaction between the PFM institutors and all their stakeholders, including CSOs and Development Partners, creates awareness and a better understanding of Ghana’s PFM initiatives. ▶ Using digital media tools to help in engaging with and listening to stakeholders. ▶ Shifting delivery from face-to-face, telephony, and postal/paper channels to self-service and intermediary-provided digital channels wherever possible. ▶ Re-designing and re-engineering processes to better support existing digital services. ▶ Collecting stakeholders’ feedback to ensure that needs are met when delivering digital services. ▶ Providing assisted non-digital help to those who find it difficult to access services digitally. ▶ Improving ICT systems and platforms in a way that will help more people to access the PFM services quickly and conveniently.

12. Monitoring and Evaluation

89. Implementing an overarching PFM Strategy such as this one would require concentrating on managing for results. Managing for results implies appropriate responsiveness to changing circumstances, unforeseen events, and changes in underlying assumptions. These can be revealed promptly by an efficient monitoring and evaluation (M&E) system. Thus, management for results implies having an efficient monitoring and evaluation system that, in essence, serves as an early warning system. The key highlights of the M&E Framework that would be used to monitor and evaluate progress on implementing this 2022-2026 PFM Strategy are pictorially depicted in Figure 24.

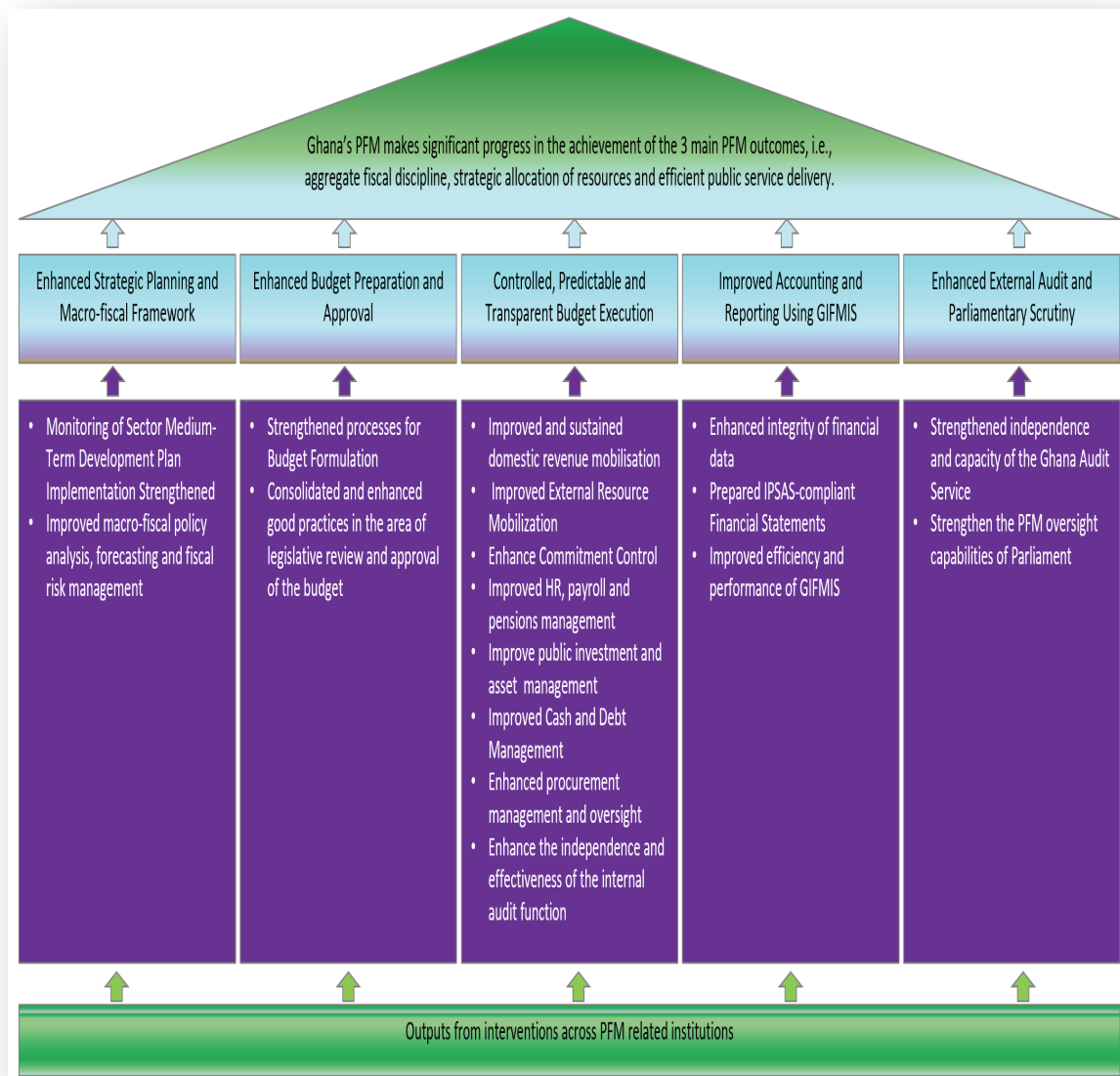






Fig. 24. Snapshot of the Monitoring and Evaluation Framework for the PFM Strategy

13. Table of Appendices

Appendices		Brief Summary of the Appendices
<p><u>Appendix 1:</u> The 2022-2026 PFM Action Plan</p>		<p>The 2022-2026 PFM Action Plan details all the 40 interventions together. The main attributes of the interventions discussed in the action plan are:</p> <ul style="list-style-type: none"> ▶ The rationale or need for the intervention is named ‘why this intervention’, and it provides a compelling reason why the intervention is proposed for implementation. ▶ The context for activities. Each intervention has different activities and sub-activities. Hence the context for each of these activities is provided to help understand why the activity is necessary. ▶ The cost and budget required to implement the intervention successfully is provided to guide future procurement activities ▶ A monitoring and evaluation framework to track the progress of all activities is provided in the action plan. This specifically focused on the indicators, baselines, targets, start and end date, and planned benefits for each activity.
<p><u>Appendix 2:</u> Analysis of the 2015-2018 PFM Strategy Implementation</p>	 <p>Analysis%20of%20the%20Implementation'</p>	<p>The 2015-2018 PFM strategy had six main objectives. These objectives had 20 broad PFM activities, which had 94 planned key interventions. An analysis of the implementation status of the interventions revealed the following:</p> <ul style="list-style-type: none"> ▶ 27% of the 94 planned interventions were fully completed. ▶ Fifty-five interventions representing 58% were in progress at the assessment time. That is, these were at various stages of completion. ▶ Fourteen interventions representing 15% of the total interventions had not been started.

<p><u>Appendix 3:</u></p> <p>List of Documents Reviewed</p>	 <p>PFM%20Strategy_Ap pendix_List%20of%20</p>	<p>The Appendix provides a list of all documents consulted/reviewed while developing the strategy. The list of documents</p>
<p><u>Appendix 4:</u></p> <p>List of Stakeholders Engaged</p>	 <p>PFM%20Strategy_Ap pendix_List%20of%20</p>	<p>The Appendix provides a list of the stakeholders engaged while developing the strategy were grouped into the institutions they represent.</p>

