Report Number: ICRR0023457

1. Project Data

Project ID	Project Name
P152171	Economic Management Strengthening
Country	**Practice Area(Lead)**
Ghana	Governance

L/C/TF Number(s)	Closing Date (Original)	Total Project Cost (USD)
IDA-58960	31-Mar-2020	15,027,283.71
Bank Approval Date	**Closing Date (Actual)**	
30-Aug-2016	30-Jun-2022	

	IBRD/IDA (USD)	Grants (USD)
Original Commitment	15,000,000.00	0.00
Revised Commitment	15,000,000.00	0.00
Actual	15,027,283.71	0.00

Prepared by	Reviewed by	ICR Review Coordinator	Group
Marwane Zouaidi	Vandana Chandra	Donna Kaidou Jeffrey	IEGEC (Unit 1)

2. Project Objectives and Components

a. Objectives

The Project Development Objective (PDO) for the Ghana Economic management Strengthening project (the operation) was stated in the Project Appraisal Document (PAD) (p.5) and the Financing Agreements "to strengthen the Government of Ghana’s institutional capacity for revenue and expenditure management."

For this ICR Review the PDO will be parsed into four objectives as follows:

- Objective 1: Strengthening the Ghana Revenue Authority (GRA);

- Objective 2: Strengthening Debt Management;
- Objective 3: Strengthening Capacity in Public Investment Management; and
- Objective 4: Improving the Governance of State-Owned Enterprises (SOEs).

b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

The project contained five components which sought to improve the taxpayer database and enhance capacity for the management of public debt, public investments, and SOEs. The project was extended by a total of 27 months. The first no-cost restructuring in March 2020 was due to severe delays emanating from a Presidential election and a change in administration in 2017, which affected the start of the project to late 2017. The second restructuring in March 2022 extended the project for another 3 months due in part to the impacts of the COVID-19 pandemic on implementation and to allow the GRA to fully implement the data warehouse (DW). The restructurings did not impact the original theory of change or the components, but project objective (PDO) number one indicator was adjusted during the first restructuring and target dates for all PDO indicators extended in the second restructuring.

Component 1: Strengthening Ghana Revenue Authority's (GRA) Business Intelligence (BI) System (Appraisal: US$4.0 million). This component sought to improve compliance, integrate income assessment regardless of source and location, simplify tax administration processes and align with international tax rules (pg. 7, PAD).

An enhanced BI system equipped with the data warehouse (DW) was expected to facilitate the integration of data and analytical reporting that would allow for the extraction and pooling of data from multiple underlying source systems to integrate the taxpayer information for both individuals and firms. The implementation of Common Reporting Standards (CRS) and Foreign Account Tax Compliance Act (FATCA) Software would further strengthen the ability of the GRA to receive, collate, store, and transmit domestic tax information of foreign citizens holding assets in Ghana, through automatic data exchange mechanisms. Together, these systems would enhance tax revenue mobilization and voluntary tax compliance while promoting GRAs alignment with international tax regimes.

Subcomponent 1.1: Financing improvements in the BI System *(US$3.2 million)*. This sub-component financed consulting services to develop the functional and technical requirements for the BI tool. It also included project management support to assist with the hiring of the DW/BI implementation partner. Other support, through non-consulting services was for the supply and installation of hardware and software, training, and technical support for a commercial off-the-shelf (COTS) BI and DW tool. Services were also provided for the development and implementation of a business continuity plan (BCP), as well as training to improve DW data quality and the oversight function within the GRA (pg. 7, PAD).

Once implemented the DW, toolset would facilitate the extraction and pooling of data from multiple underlying source systems and integrate the taxpayer information, both individuals and firms, into analytical reports. This component covered only the first phase of integrating tax revenue—Total Revenue Integrated

Processing System (TRIPS) with customs information (Ghana Customs Management System (GCMS)) — through the DW. It was expected that having built this platform, there would be potential for further integration with third-party systems to further strengthen information-sharing.

Subcomponent 1.2: Financing the CRS/FATCA infrastructure *(US0.8 million)*. This sub-component financed the procurement and implementation of the CRS/FATCA infrastructure, software and licenses, and integration with the new GRA DW. It also included sensitization of stakeholders, designing, and setting up an electronic platform, procurement of wide area network (WAN) links and training (pg. 8, PAD). The software under this component would enable the GRA to comply with Common Reporting Standards (CRS) and Foreign Account Tax Compliance Act (FATCA) requirements. The software would also facilitate the receipt, collation, storage, and transmission of domestic tax information of European Union (EU) and US citizens, respectively, holding assets in Ghana, through automatic data exchange mechanisms. These enhanced systems were expected to improve tax revenue mobilization and strengthen voluntary tax compliance by taxpayers and while also supporting GRA's alignment with international tax regimes.

Component 2: Strengthening Debt Management, (Appraisal: US$1.2 million). This component contained four sub-components, all geared towards strengthen the capacity of the Ministry of Finance (MOF) to manage public debt, enhance transparency and improve treasury management and forecasting thereby improving efficiency and management of expenditures.

Subcomponent 2.1: Capacity building and the preparation of the annual borrowing plan (ABP) and Medium-Term Debt Strategy *(US$0.6 million)*. To meet this objective, this sub-component financed a range of training modalities, including training of staff over a two-year period in the World Bank Group and IMF advanced MTDS and ABP training, TA missions, on-site training and capacity building on the DSA framework, e-learning and on-site training to support the MoF in updating and developing procedures for all borrowings, including for quantifying contingent liabilities and developing national borrowing guidelines and the development of templates to monitor all the SOE debt including the publicly guaranteed debt. This sub-component also included financing for information and communications technology (ICT) capacity building of the DMD and the provision of computers, video facilities, and a Bloomberg terminal (pg. 8, PAD).

Subcomponent 2.2**: **On-site training, capacity building and advisory services in debt, cash, and treasury management *(US$0.3 million)*. This sub-component financed different modalities of training and capacity building, as well as advisory services in debt, cash, and treasury management. This component would also aid in streamlining procedures for electronic payment orders once the computers were procured and the Commonwealth Secretariat-Debt Recording and Management System (CS-DRMS) was installed.

Subcomponent 2.3: ***Improved debt reporting and transparency*** *(US$0.2million).* This sub-component included technical assistance to develop templates, develop and maintaining a dedicated website for publication of debt data, publication aids, report writing workshops, and communications. The financing supported the development of templates for debt publications and established the systems required to populate these templates from the debt recording system and a dedicated website, the provision of other aids needed to prepare in-house, state-of-the-art publications as well as support to maintain an up-to-date website; (c) report writing workshop on debt management as well as publication programs such as Publisher, Binder; and (d) improved communications with investors and media practitioners (pg. 10, PAD).

Subcomponent 2.4: ***Improved Operational Risk Management*** *(US$0.1 million)*. This subcomponent sought to strengthen the operational risks management framework. It supported three distinct but related activities. The first activity sought to address the security issues and other weaknesses of the ICT data center by implementing the National Information Technology Agency (NITA) alternate site and transferring the CS-DRMS (debt data) to an ICT server. The second activity included the provision of TA to develop operational risk management guidelines and a code of conduct for relevant stakeholders, and guidance to develop a risk monitoring and compliance function within the middle office. The third activity assisted the DMD in scanning all old loan agreements and storing the same in a cloud DW. IT capacity building was also provided to support the activities related to scanning and storing of all new loan agreements in a back-up server (pg. 10, PAD).

Component 3: Strengthening Capacity in Public Investment Management (PIM), (Appraisal US$4.0 million). This component had 4 sub-components which sought to support the establishment and implementation of a functional PIM system, and the National Development Planning Commission (NDPC). This component complemented PA 9 under the Development Policy Operation, which required Cabinet approval of an official PIM policy.

Subcomponent 3.1: ***Development of a PIM Reform Strategy and Action Plan*** *(US$0.25 million)*. This sub-component financed technical assistance for a comprehensive organizational review and capacity assessment, including identification of capacity gaps and needs and the development of a time-bound PIM strategy and action plan. The activities under this subcomponent supported specifically PIM capacity assessment including (a) a comprehensive review of existing institutional arrangements and PIM functions within the GoG; (b) a PIM-specific organizational review of the MoF; (c) capacity assessment of existing PIM resources; and (d) preparation of a comprehensive strategy and detailed action plan for PIM reform, including recommendations on the optimal staffing, skills, and competencies required to make the Public Investment Division (PID) and the PIM system function effectively in Ghana.

Subcomponent 3.2: ***Regulatory and Institutional Setting for PIM*** *(US$1.25 million)*. This sub-component financed technical assistance to support the development of PIM regulations, the drafting of the Operations Manual and associated guidelines and templates, development and publication of the PIP guidelines, and training and induction of technical staff who would be involved in the preparation, appraisal, and review of projects following the new PIM processes, procedures, and guidelines.

Subcomponent 3.3: ***Implementation of the Capacity-building Strategy for PIM in the PID, MDAs, and SOEs*** *(US$1.50 million)*. This sub-component financed capacity building for relevant GoG officials in the PID, MoF, key MDAs (particularly the six departments that accounted for the bulk of capital spending), and SOEs involved in the preparation of large investment projects, South-South study tours to other countries with successful PIM reform success, e-learning and online courses, design and implementation of continuous training programs at national tertiary-level training institutions including building capacity amongst faculty, and the procurement of ICT hardware and software for PIM.

Subcomponent 3.4: ***Strengthening of the NDPC*** *(US$1.0 million)*. This sub-component financed consultancy services to provide TA support to complete the preparation of the NIP, the development of a national M&E system, training, capacity building, and engagement of consultancy services for policy analysis, forecasting, and project preparation. This sub-component also financed the procurement of ICT hardware and software for planning and M&E, including capacity building for geo-spatial monitoring and analysis.

Component 4: Governance framework of State-Owned Enterprises (Appraisal US$5.25 million). This component supported reforms to improve SOE governance. This component had three sub-components: (a) develop an equity study and the preparatory work for setting up a single entity; (b) establishment of the

SOE single entity; and (c) piloting corporate governance improvements in five SOEs. This component complemented PAs 6 and 7 under the DPO: PA6 established a single agency responsible for governance and financial oversight of SOEs, and PA7 supported terms of reference for SOE regulators.

Subcomponent 4.1: ***Equity study*** *(US$1.5 million)*. This sub-component financed the cost of hiring technical experts and a long-term technical advisor. The technical experts were expected to undertake the equity study, identify recommendations related to the treatment of the portfolio, and carry out specialized analyses on a need basis, such as developing a template for the preparation of SOE annual reports. The long-term technical advisor supported the task force in carrying out the preparatory work needed for the creation of the single entity, including determining the structure, functions, and staffing of the single entity, building upon the existing SEC; supporting the drafting or amendment of legislation for the single entity; and supporting stakeholder consultations to build support for the single entity.

Subcomponent 4.2: ***Technical experts and consultancy services to design and support the establishment of the Single Entity*** *(US$1.25 million)*. This sub-component financed the cost of hiring technical experts and consultancy services to help build and strengthen the capacity of the single entity. The financing went towards short and long-term consultancy services that supported activities ranging from the development of the organizational chart to compliance M&E tools as well as capacity building through training and peer-to-peer learning.

Subcomponent 4.3: Corporate governance action plans in selected SOEs (US$2.5 million). This sub-component financed the costs of technical experts to support the implementation of the corporate governance action plans for five companies. This component also financed an annual stakeholder workshop on SOE governance.

Component 5: Project Management (Appraisal: US$0.55 million) This component supported administrative functions, procurement, training, workshops, and consultancies to support the implementation and monitoring and evaluation. This component supported project planning and management through recurrent institutional and operational costs and periodic consultancy services to ensure that project implementation progressed smoothly. The component aimed to provide resources, equivalent to approximately 3 percent of the overall project amount to support and defray the costs to the MoF for coordinating project implementation effectively and efficiently, including support to build the capacity of the MoF M&E Unit.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

The project was financed by a US$15 million IDA credit, US$15.03 million was disbursed. The Borrower did not contribute any funds.

The project was approved on August 30, 2016, and became effective on November 1, 2016. Its mid-term review (MTR) took place on August 23, 2019. The original closing date was extended by 24 months from its original date of March 31, 2020, to March 31, 2022. A second restructuring with an additional no-cost extension of 3 months in March 2022 extended the closing date to June 30, 2022.

3. Relevance of Objectives

Rationale

The Project was aligned to the Ghana Shared Growth and Development Agenda II (GSGDA II) 2014-2017, which sought to support growth and restore macroeconomic stability. The PDOs were in line with four of the seven medium-term priority policy areas of the GSGDA II including: a) ensuring and maintaining macroeconomic stability; b) enhancing competitiveness of Ghana's private sector; c) enabling infrastructure and human settlements development; and d) enabling transparent, responsive, and accountable governance. Increasing revenue and improving debt management was expected to enhance macroeconomic stability, while improvements in all four areas would help to enable more responsible and accountable governance.

The project was also closely aligned to the Country Partnership Strategy (CPS) for Ghana (FY13-16), supported under two of the three strategic pillars: 1) improving economic institutions; 2) improving competitiveness and job creation. The vital role of strengthening budget institutions and PFM, and reforming SOEs was embedded in Pillar 1 of CPS FY13-16. The Country Partnership Framework (CPF FY22-26) also sought to provide support to the following key priorities, which were part of the stated objectives of the operation: consistent fiscal policy, equitable domestic resource mobilization, and improving energy SOE governance.

The Project complemented WBG and other development partners (DPs) support to Ghana during the IMF Extended Credit Facility (ECF) program (2015-2018). The World Bank provided Macroeconomic Stability for Competitiveness Development Policy Operation (DPO) Series including measures to improve efficiency of public spending, governance reform of state-owned enterprises (SOEs), and debt management strategy among others. The IMF, under its three-year ECF of US$918 million, supported the GoG with macroeconomic management reforms specifically on the primary fiscal balance, wage bills, net international reserves, stock of arrears and others.

The operation also supported the main themes of the World Bank's Strategy for Africa: "Governance and public sector capacity" and "Competitiveness and employment." It sought to support improvements in the governance of its SOEs and public sector capacity of public investment and debt management (pg. 5, PAD).

Rating

High

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective
Strengthening Ghana Revenue Authority's (GRA) Business Intelligence (BI) System.

Rationale
At the inception of the project, Ghana's economy was in turmoil because of high fiscal deficits and external and domestic debt crises, Ghana had limited fiscal space to increase badly needed public investment to close its large infrastructure deficit, crowd in private investment and boost growth (PAD, para 13). It faced tight financing conditions for capital projects with high costs and fewer non-concessional sources. As Ghana's tax revenue performance was significantly below some of its regional comparators such as Senegal, Mozambique and South Africa countries, revenue mobilization was considered a key driver for creating the fiscal space needed to finance critical infrastructure without exacerbating public debt. Yet the existing revenue management systems were not integrated and amenable to efficient management that was necessary for revenue enhancement. The TOC held that improvements in the taxpayer database and strengthening of institutional capacity for revenue and expenditure management would contribute to improvements in tax compliance, integrate income assessments irrespective of source and location, simplify the tax processes and align Ghana's tax systems with international tax rules. The implementation of the data warehouse (DW), complemented by an information technology (IT) toolset was expected to facilitate the integration of data and contribute to enhanced analytical reporting by extracting and pooling data from multiple underlying source systems. The project envisaged that the first phase would integrate the two main tax systems - Total Revenue Integrated Processing System (TRIPS) with Ghana Customs Management System (GCMS). After this platform was completed, there would be scope for further integration with third party systems to strengthen information sharing overtime. The TOC also held that the implementation of software would contribute to enhanced compliance with international requirements related to the Common Reporting Standards (CRS) and Foreign Account Tax Compliance Act (FATCA).

By integrating data on business tax revenue with customs information, authorities would be able to identify, for example, payers of customs duties that deliberately avoid other taxes. In addition, the project would implement Common Reporting Standards (CRS) and Foreign Account Tax Compliance Act (FATCA) Software linked to DW and collect domestic tax information of US and EU citizens holding assets in Ghana. These actions would strengthen Ghana Revenue Authority's BI Systems through improved risk management mechanisms, better design of tax policy, improved voluntary tax compliance, better-integrated income assessments, simplified tax administration processes, alignment of tax policy with international rules and best practices, less tax avoidance from the informal sector, and improved tax revenue mobilization (ICR, Annex 4).

This ToC sets out a logical chain of project inputs contributing to outputs that would contribute to the objective (PDO 1) of strengthening the GRA.

The key activities (inputs) were:

1. Improving the BI system

- Assessment report of the BI process
- Operationalization of GRA DW
- Integration of tax revenue information (TRIPs) with customs information (GCMS)
- Improved risk management mechanisms

2. Implementation of the Common Reporting Standards (CRS) and Foreign Account Tax Compliance Act (FATCA) Software

- Roll-out of CRS and FATCA software linked to DW
- Collection of domestic tax information of U.S. and EU citizens holding assets in Ghana

The project's **development objective indicator** (DOI) for monitoring implementation of PDO1 is as follows:

DOI 1: To increase the ratio of four major taxes to GDP (baseline: 9% in 2016; target: 10% in 2022) [changed from: Tax Audit Yield Ratio for audits conducted by the GRA during first restructuring]

Rationale: The project supported the procurement and installation of the DW system to improve data/intelligence to support tax administration processes and collections, audit, and enforcement processes, and contribute to an increase in the tax to GDP ratio. However, DOI1 is not an appropriate indicator as it is not reasonable to attribute changes in total revenues collected from four different types of taxes collection systems as an outcome of this project. Besides, even if the tax revenue collected is due to the project, changes in the GDP would affect the tax revenue to GDP ratio. While DOI1 is measurable, at 9%, its base seems to be set too low when compared to data in the PD that places Ghana's tax to GDP ratio at 16 – 18% in 2016 (PD, para 11) or data in the WDI or WEO. Therefore, neither the baseline nor the target are credible.

The original PDO1 indicator was "Tax Audit Yield ratio for audits conducted by the GRA (percentage),' but due to difficulties in data collection by the GRA, it was replaced with DOI1 during restructuring.

PDO1 had two intermediate results indicators (IRIs):

IRI 1: Launch of DW with the BI System fully integrated (Baseline: No DW; Target: launch of CRS linked to DW).

Rationale: The DW would improve the functioning of the GRA by capturing a greater number of small, medium, and large taxpayers, and would contribute to more accurate and reliable taxpayer information, as well as improving knowledge of potential taxpayers. With the new system, the GRA would be able to reduce tax noncompliance and revenue leakages, improve the efficiency of tax administration, and improve risk management and fiscal planning.

IRI 2: The usage of the new DW in their auditing and reporting practices (Baseline: None; Target: The management reporting process and the enforcement process - debt collection, non-filer follow-up, and nonpayer follow up).

Rationale: The DW would enable the GRA to monitor tax compliance in every sector of the economy and trace the flow of funds between - domestic and foreign financial institutions. Automating the process of data mining with the DW would improve query results and mitigate the risk of high compliance costs.

Outputs

The project was successful in achieving PDO1 but with a shortcoming.

The GRA successfully implemented the installation (design and build) and testing of the DW/BI integrated system although with a significant delay that led to the second extension of the project to allow sufficient time for the installation of the DW. However, the final output fell one step short of what was envisioned in the PAD. The external data exchange portal was completed, and dashboards containing 35 of the 37 reports were completed. Management and user trainings were completed. The DW fulfilled 99 percent of the user acceptance tests. These steps equipped the GRA with an IT tool that it could use to extract and pool data from multiple source systems connected to the DW and apply it in processing several tax administrations functions including the audit process, enforcement process, and tax policy process. At the close of the project however, due to the decision to not deploy the DW into the live production systems, the full dataset could not be obtained or cleaned as required. Resistance to directly linking the DW to live revenue administration systems led to a workable solution in the form of securing data dumps from the customs systems and Domestic Revenue System (GITMIS). GRA continues to use a Memorandum of Understanding (MOUs) to obtain live data from other systems. However, the resistance to directly linking the DW to live revenue administration systems delayed subsequent activities which were dependent on the full functionality of the DW/BI. Full achievement of IRI1 was also prevented by insufficient interdepartmental collaboration within GRA (ICR, p. 18). Although IRI1 was only partially achieved, the full implementation and testing of the DW/BI system complete with staff training to operate it merit a Substantial rating. Even without links to the live revenue administration systems, the workaround solution made possible by the DW/BI system had the potential to increase tax revenues. (Achievement of IRI1: Substantial).

A mini-DW environment was set up which provided GRA with revenue reports and was connected to the audit management software to auto validate taxpayer profile and receive data matching information used by tax auditors during audit execution in 2022. The CRS and FATCA infrastructure allowed the GRA to comply with requirements concerning receiving, storing, and transmitting tax information for EU and US citizens with assets in Ghana. This improved tax revenue mobilization, higher voluntary tax compliance by taxpayers, and compliance with international tax agreements for foreigners living in Ghana. (Achievement of IRI2: Substantial).

Outcomes

The achievement of PDO1 is rated Substantial as the project strengthened the GRA’s revenue management and control functions with the installation of the new DW/BI system. Both IRIs are rated Substantial but DOI1 is rated Modest. As per the ICR, improvements in revenue management and control also contributed to the increase in the ratio of four major taxes (personal income tax, company tax, value-added tax, and import duties) to non-oil GDP (percentage) measured by DOI1. The tax to GDP ratio was 13.4 percent in 2022 and exceeded the target of 10 percent by 34 percent. IEG disagrees with the ICR’s “Achieved” rating of DOI1 for the following reasons: DOI1 was an inappropriate indicator as plausible attribution of the 34 percent increase in the tax revenue to GDP ratio to the project alone does not exist. The data used for the baseline and target are also not credible (the WDI and WEO data for Ghana differs markedly from the data in the ICR). However, IEG assigns credit to the project for successfully completing the installation and training necessary for the DW/BI system to be ready for full functionality and contribute to strengthening revenue management and control. Although there is no way to measure how much of the change in revenues is because of the project, it is true that by capturing a significantly larger number of taxpayers, the integrated DW provided the GRA more accurate and reliable taxpayer information that helped to reduce tax non-compliance and revenue leakages, improve tax administration, and raise revenues. For these reasons, IEG rates PDO1 as Substantial.

Rating
Substantial

OBJECTIVE 2

Objective
Strengthening Debt Management

Rationale
The TOC is motivated by three problems related to debt management, treasury management and forecasting, and debt reporting and transparency that need to be addressed in Ghana. At the time of the operation's design, Ghana was in high debt distress, as per the latest DSA (pg. 39, PD) despite having benefitted from debt relief under the Highly Indebted Poor Countries (HIPIC) initiative. Having also recently graduated from LMIC status, prudent debt management was important as the change in income status was expected to lead to lower grants, reduced access to concessional financing, and limited access to non-concessional financing at high interest rates. More efficient debt management practices and a re-orientation of the debt portfolio was critical to avoid jeopardizing its debt sustainability (PD, p.3) as well as for broader macroeconomic stabilization (pg. 39, PD). The TOC for this project held that strengthening the capacity of the Ministry of Finance (MOF) would help to better manage debt and contribute to improved transparency in debt reporting, as well as enhanced treasury management and forecasting. Also, GoG needed to operationalize the recent debt management strategy by developing an annual borrowing plan (ABP). The ABP was important to ensure adherence to the BoG's zero limit on gross credit to the GoG and the non-accumulation of arrears under the existing IMF EFF program.

Expenditure management, related to treasury management and forecasting had been problematic in Ghana. Cash flow forecasts had been unreliable, and budget execution low. At the time of project design treasury management fell short of international good practices given that the Treasury Single Account, cash flow forecasting, and cash investment practices were all underdeveloped and lacked robust analytical tools. The project sought to improve the treasury management and cash flow forecasting functions and linking them to the debt auction calendar so that overall debt management would improve. At the time of the project design, the latest Public Expenditure and Financial Accountability (PEFA) Assessment (2012) and the finding of the IMF Fiscal Affairs Department (2014) had highlighted weaknesses in aggregate fiscal discipline and strategic allocation of resources which impacted the efficiency and effectiveness of public expenditures.

The key activities (inputs) were:

1. Improved Debt Management with Credible Annual Borrowing Plan

- Operationalization of MTDS
- Development of ABP
- Development of DSA
- Updated Credit Risk assessment guidelines and framework together with the national borrowing guidelines

2. Strengthened Treasury Management and Forecasting

- Building a reliable and accurate 30-day rolling cash forecast

3. Improved Debt Reporting and Transparency

- Publication of debt statistical bulletin
- Submission of annual report to parliament
- Publication of auction calendar and results
- Development of templates for debt publications
- Development of website for debt reporting
- Acquisition of publication programs

4. Improved Operational Risk Management

- Development of operational risk management guidelines including Borrowing Continuity Plan (BCP) and Disaster Recovery Plan (DRP)
- Implementation of National Information Technology Agency (NITA) alternate website and ICT server
- Develop a code of conduct for DMD and other stakeholders.

PDO2 is as follows:

DOI 2: Deviation of the share of short-term refixing in total debt at the end of the year from the level set out in the MTDS. (Baselne in 2016: 2.00; MTDS End Target: 30%).

Rationale: DOI2 assumed that better debt management builds on better forecast of cash flows, contributes to a credible Annual Borrowing Plan (ABP), and avoids arrears and surprises. It requires operationalizing the MTDS through a detailed ABP that considers the likely timing of Government cash flows through the year to determine the monthly net financing needs and forecast redemptions. These key inputs translated the annual financing needs into an auction calendar and transformed the MTDS into implementable annual operational plans.

The project had three IRIs under PDO2:

IRI 3: Contracting of new external borrowing does not exceed the borrowing limits for non-concessional borrowing and borrowing from the International Capital Market, as set in the MTDS. (Baseline:1.5% in 2016; End Target: 0%).

Rationale: Training and capacity building would empower staff to conduct the following: prepare the DSA, stress test it, do an analysis of fiscal accounts and prepare the ABP. It was expected that these would be institutionalized as part of the MTDS process and would contribute to enhanced monitoring and more informed decisions on new debt. In addition, updating and preparation of the credit risk guidelines and framework along with the national borrowing guidelines would help mitigate the fiscal risks associated with SOE debt.

IRI4: Public debt data available on MOFs official website. (Baseline: 6.0 months in 2016; Target: 3.0 months).

Rationale: Technical assistance would enable the MoF to produce templates and prepare debt reports. The website would also be built to support the publication of debt reports. This would enhance transparency and accountability with the publication of complete, accurate and timely public debt information.

IRI 5: An operational risk guideline with a business continuity plan (BCP) and a disaster recovery plan (DRP) approved and reviewed bi-annually (Yes/No, Custom). (Baseline: No on May 1, 2016; End Target: Yes).

Rationale: The implementation and testing of the operational risk management guidelines would help mitigate operational risk and strengthen the business processes related to debt.

Outputs

The key outputs for PDO2 were as follows:

The debt limit for contracting non-concessional borrowing (including from International Capital Markets) in 2021 was US$6,000 million, against a performance of US$5,574 million. The IRI3 target was overachieved (deviation of -7 percent). (IRI3 is rated Substantial).

The reduction in publication time of public debt data on the MoF official website dropped from 6-months to 3 months for all target years between 2017- 2020. The reports for 2021 and 2022 were delayed by one month (4 months instead of a target of 3 months). They were prepared and submitted to Parliament in March 2022 and published in the subsequent month after project closing. Total public debt including contingent liabilities are reported (for latest report presented to Ghana's Parliament on March 31, 2023, visit 2022-Annual-Public-Debt-Report.pdf (mofep.gov.gh)). Debt reporting and transparency were also enhanced through the periodic publication of annual debt reports, statistical bulletins, newsletters, and MoF updates. (IRI4 is rated Substantial).

The BCP and Code of Conduct of the operational risk management guidelines were prepared at the end of 2021. The DRP was delayed but completed before the project closed in 2022 (IRI5 was rated Substantial). An e-library containing scans of all loan agreements and other relevant documentation was also developed.

Outcomes

The achievement of PDO2 is rated Substantial. DOI2 and all three IRIs were achieved. The project contributed to an improvement in debt management in several ways. The share of short-term refixing in the total debt portfolio as at the end of 2021 was 19.4%, compared to the 2021 MTDS target of not more than 30%, indicating that DOI2 was substantially achieved. All three IR Indicators were fully achieved and contributed to improved debt management and transparency through improved cash flow forecasting, strengthened debt reporting and transparency mechanisms, and improved operational risk management. The Credit Risk Assessment Framework (CRAF) was developed specifically for the utilities sector to evaluate the creditworthiness of SOEs and to ascertain that the fiscal risk before guarantees and no-objection to borrow could be granted. The National Borrowing and Government Lending Guidelines (NBG) were published to provide guidance for public entities on the procurement of loans and other forms of borrowing. Capacity building, and staff training in advanced MTDS and ABP, cash flow forecasting and cash management, debt portfolio risk approach, debt statistics, securities laws and treasury operations were also provided. A dedicated trading room, equipped with video and audio-conferencing systems, allowed for a more structured approach to market research and analysis to inform decision-making on the auction of Government securities.

During project implementation a new web-based debt software, Meridian, which allowed for better streamlined procedures with electronic payments was introduced.

Rating
Substantial

OBJECTIVE 3

Objective
Strengthening Capacity in Public Investment Management (PIM)

Rationale
The TOC held that addressing the challenges in PIM would support improved public financial management and contribute to enhanced infrastructure development. At the time of project design, Ghana's public investment spending averaged 6 percent of GDP annually (2009 to 2014). While marginally higher than comparator countries, investments in electricity and health services remained low. The PIM cycle was weak, with improvements needed in all stages of project cycle management including planning, budgeting, appraisal, selection, financing, procurement, execution, and monitoring and evaluation (pg. 45, PD). There were too many projects relative to available resources; few projects had been appraised for costs and benefits; insufficient evaluation and screening was done prior to selection; gate-keeping mechanisms were ineffective; multi-year allocations of investment budget were absent; large cost overruns and implementation delays were common; contracts accumulated significant arrears; and large numbers of over-aged and ongoing ('forever') or stalled projects were in the portfolio. These deficiencies were associated with a lack of a comprehensive PIM strategy, with clear institutional arrangements and functions within the government. There was also a lack of technical expertise to perform the necessary analysis and appraisal of proposed investment projects, including for preliminary reviews using modern assessment tools and techniques, analyzing projects, and assessing and managing risks. The TOC held that by supporting the development of a comprehensive PIM strategy and the implementation of a functional PIM system within the MoF in accordance with the cabinet-approved policy, the process of upstream decision-making in the MoF would improve. Improving PIM capacity to enable government entities to better assess economic, financial, social, and environmental aspects of public investment projects would be an important part of the project. Support would also be provided to the NDPC to enhance its capacity for long-term planning of infrastructure and other investment projects (PD, p.6, 10).

The key activities (inputs) were:

1. Developing a Comprehensive PIM Reform Strategy and Action Plan

- Review of existing institutional arrangements and PIM functions
- Capacity assessment of PIM resources
- PIM-Specific organizational review of the MOF

- Development of comprehensive PIM reform strategy
- Development of detailed PIM action plan

2. Improvement of the Regulatory and Institutional Setting for PIM and Creation of required PIM Instructions

- Operationalization of PIM policy and action plan
- Development of PIM regulations and processes
- Training of technical staff in the PID team of the MOF
- Development of PIM Operations Manual
- Development of PIP guidelines and Working Committee

3. Implementing the capacity-building strategy for PIM in PID, MDA and SOEs

- Development of a comprehensive PIM training program
- South-South learning on PIM reforms
- Development of e-learning and training programs at local institutions

4. Strengthening the NDPC

- Development of NIP
- Development of PIP
- Development of national M&E system

The DOI for PDO3 was as follows:

DOI 3: Percentage of public investment projects that are prioritized on the basis of published standard criteria for project selection (prior to the inclusion in the budget). (Baseline: 0% in 2016; End Target: 30%).

Rationale:

The project would contribute to improved PIM capacity by enabling government entities to better assess economic, financial, social and environmental aspects of public investment projects. Hence projects included in the budget would align with national priorities and be more effectively managed.

The IRIs for PDO3 are as follows:

IRI 6: Roll out and operationalization of PIM strategy and action plan (Baseline: No PIM strategy/Action Plan in 2016; End Target: PIP established).

Rationale: The utilization of published standard criteria for project selection would improve PIM capacity by enabling government entities to better assess the economic, social, financial, and environmental aspects of public investment projects. PFM regulations were developed and enacted by Parliament and thus improved the regulatory and institutional setting for PIM by creating PIM instruments.

IRI 7: New projects reviewed by PID team for quality assurance in line with PIM guidelines Operations Manual (Baseline: 0 in 2016; End Target: 30).

Rationale: The approval of new projects by the PID team in accordance with the PIM guidelines Operations Manual would ensure project quality as well as ensure that they were financially sound, thus helping to improve the overall quality of public investment. An operational manual and procedures were developed to support investment project preparation and integrated appraisal, ultimately strengthening the institutionalization of PIM.

IRI 8: Civil servants who receive PIM-related trainings (Baseline: 0 in 2016; End Target: 500; of which Female civil servants Baseline: 0; End target: 150).

IRI 9: Female civil servants who receive PIM-related trainings (Baseline: 0 in 2016; End Target:150)

Rationale: IRI8 measured the number of civil servants (SOEs, MDA, and MOF) who received PIM-related training, and the share of female civil servants who were trained. This indicator was not an adequate measure of capacity development as it did not account for the actual transfer of knowledge and skills, and staff departures. To complement the regulatory and institutional setting for PIM, capacity-building activities were conducted to sensitize staff to public financial management (PFM) - PIM regulations, PIM guidelines and manuals, and various trainings on project finance, PPP, cost-benefit analysis, and environmental assessments. To ensure the quality of capacity building, the University of Ghana Business School was selected to deliver PIM training courses (pg. 47, ICR).

IRI#10: National ICT-based M&E System developed with capability to monitor Public Investment Projects. (Baseline: No National ICT-based M&E System; End Target: National ICT-based M&E System developed and in use).

Rationale: IRI10 tracked the creation of a National ICT-based M&E system developed with the capability to monitor Public Investment Projects. The indicator would measure the M&E capacity of the agency. Like other IT systems supported by the project, this system also faced delays due to a lack of proper planning and consultation with stakeholders. A modular approach with step-by-step design, testing, and improvement based on user feedback could have delivered better results (ICR p. 47).

Outputs

- The regulatory and institutional setting for PIM and creation of the required PIM instruments was completed. (pg. 12, ICR). The PFM Regulations, 2020 (L.I.2411) was developed and enacted by Parliament in November 2020. To support the implementation of PIM, the Operational Manual and associated Guideline as well as templates were developed to support investment project preparation and integrated appraisal. The public investment program/plan (PIP) was established. (Achievement of IRI6 was Substantial).
- 53 projects were reviewed using the newly published PIM Guidelines Operations Manual at the end of the project, exceeding the target of 30. It is unclear how this achievement compares with the total number of new projects approved. (Achievement of IRI7 is rated Modest).
- A total of 1,697 civil servants received PIM related trainings by the close of the project, overshooting the target of 500 by 239 percent. The target for female civil servants trained was exceeded by 237 percent. The capacity building included sensitization on PFM (PIM) Regulations, assistance with developing PIM template/guidelines and manuals; and training on project finance, public private

partnership, cost-benefit analysis, and environmental assessment. Most of the PIM-related trainings were customized to key public officers in various public investment units (PIUs) across MDAs/MMDAs. While the number of civil servants trained was large, IRI8 does not account for the quality of training imparted or the staff turnover post training. IRI8 also does not account for improvements in overall public investment management. Training is only one input along the results chain. (Achievement of IRI8 is rated Modest; For the same reasons, Achievement of IRI9 is rated Modest).

- The ICT-based M&E system was developed but was not in use at the time of project closing at the end of 2022. The system was designed as a web-based enterprise system but was still at the piloting stage with limited information onboard, lack of sustainability (largely financial) and inefficiencies due to overlaps with other systems (pg. 13, ICR). (Achievement of IRI10 is rated Modest).

Outcomes:

The achievement of PDO3 is rated Modest. The PIP helped to establish the initial building blocks necessary for efficient PIM in Ghana, but it is unclear to what extent government's capacity in PIM was strengthened. As per DOI3, 82% of the public investment projects were prioritized according to the criteria listed in the newly designed PIM Guidance contained in the Operational Manual prior to their inclusion in the budget, exceeding by 173% the target of 30%. DOI3 is rated Modest as it is unclear how 18% of the projects that did not pass the PIM screening were handled for budgetary financing. How many large projects did the 18%-category that was not screened include? Did they get funded anyway? An important motivation for PDO3 was to leverage the new PIM Guidance manual to improve public investment management presumably by reducing public spending on inefficient projects and ensuring that those funded through the budget passed the screening test. While DOI 3 ensured the latter, it is not clear how existing projects that did not get prioritized were treated for budgetary purposes. (Achievement of DOI 3 is Modest).

The number of male or female staff trained regardless of the quality of learning imparted is not indicative of whether Ghana's capacity in PIM was indeed strengthened (IRI8 and IRI9 are rated Modest).

A critical IRI that pulled down the achievement of PDO3 is IRI10 that scored a Modest rating because of incomplete implementation over the 6-year project term. An ICT-based M&E system should have been at the core of the new PIM strategy and its implementation, but it was not implemented by the time of project losing.

The overall outcome of PDO3's PIM-related outputs is Modest. GoG continues to grapple with the challenge of strengthening its capacity in PIM. At the time of the IMF's 2023 ECF, the GoG further committed to improving PIM using a centralized approach to the appraisal and prioritization of public projects, developing a database of all ongoing projects (including age, time and cost overruns for legacy projects, and their status of completion), and ensuring that financing is secured for ongoing projects before, and that all new projects are included under the PIP (pg. 65, IMF Country Report No. 23/168) [1].

[1] IMF Country Report No. 23/168-Request for an Arrangement Under the Extended Credit Facility-Press Release: Staff Report; and Statement by the Executive Director for Ghana

Rating
Modest

OBJECTIVE 4

Objective

Improving the Governance of SOEs

Rationale

Underperformance in SOEs in Ghana had high economic and financial costs resulting in inefficient service delivery, wasted resources, financial losses, and an accumulation of public debt (pg. 72, PD). At the time of project design, fiscal risks from SOEs were substantial, often arising from government intervention through bailouts in the event of a crisis or financing of quasi-fiscal activities (like providing services below costs). One of the most significant SOE risks emanated from the underperformance of the energy sector SOEs which had led to the accumulation of an estimated US$1.5 billion debt (4% of GDP) by 2015 mostly due to domestic banks (pg. 72, PD). The underperformance of SOEs stemmed from a lack of systematic financial oversight and weak governance.

SOEs faced several governance challenges including multiple and often conflicting objectives; lack of a proper regulatory and institutional framework for effective state oversight; weak boards and management and political interference in day-to-day decision making; and low levels of transparency and disclosure (pg. 72, PD). These challenges compounded the poor performance of SOEs, with an overall lack of autonomy of SOEs in operational matters as well as the lack of accountability and transparency in the use of scarce public assets. Specific SOEs engaged in the energy sector were particularly problematic. The decline in economic growth in Ghana was associated with significant electricity shortages and energy rationing over several years leading up to the design of this project. The project draws from a study on state ownership in 2019 which covered 100 entities and an additional report on the verification and valuation of assets of 40 inactive entities.

The TOC for PDO4 held that the project would support SOE reforms aimed at (a) consolidating the state's ownership role through an equity study and preparatory work for setting up a single entity responsible for overseeing SOEs; (b) establishing the SOE single entity; and (c) piloting corporate governance improvements in five SOEs. The main objective for the single entity was to shift from the prevailing highly decentralized state asset management model to a centralized state capital management model, where SOEs would be better governed and financially independent and sustainable. A single SOE entity would strengthen financial oversight and governance and improve the overall financial management and performance of SOEs. The expectation was that better SOE management and corporate governance would result in better SOE portfolio performance and less fiscal risk. As reforming governance alone would not solve all SOE problems and past. lessons suggested that corporate governance reforms should be accompanied by other reforms such as SOE restructuring and privatization. The proposed equity study would also enable the GoG to make decisions about which SOEs to divest or privatize.

The key activities (inputs) were:

- Consolidating the State's Ownership Role
- Publication of SOE equity study, including SOE portfolio
- Drafting legislation related to the SOE single entity
- Stakeholder consultations to build support for single entity
- Establishing the Single Entity
- Establishment of single entity including a board
- Development of an organizational chart of the single entity
- Development of compliance M&E tools and capacity

- Piloting Corporate Governance Improvements in Selected SOEs
- Adoption of corporate governance policies in five SOEs
- Development of CSO monitoring mechanisms of SOEs
- Development of training packages for SOE board members

The DOI for PDO4 is as follows:

DOI 4: The number of SOEs covered by the aggregate annual reports on SOE financial and governance performance issued to the public no later than 6 months after the end of the year. (Baseline: 0; End target: 20).

Rationale: The TOC held that strengthening GoG's capacity to oversee SOEs and improve corporate governance practices at the entity and SOE levels would improve governance and financial management.

The project's IRIs under PDO 4 are as follows:

IRI 11: Number of SOEs with audited annual financial reports publicly disclosed by the time of SOE General Meetings. (Baseline: 0 in 2016; End Target: 15).

Rationale: This IRI would measure the changes in financial reporting practices of SOEs. Audited financial reports were expected to be due by the time of the Annual General Meetings, mandated by law. Public disclosure would entail publication of the reports on the respective SOE company website, single entity website, or both, within six months of the end of the fiscal year.

IRI 12: Implementation of the annual action plans for the five SOEs. (Baseline: 0% in 2016; End Target: 80%).

Rationale: This indicator would measure the development and implementation of SOE action plans in five SOEs which were considered significant.

IRI 13: Civil Society organizations (CSOs) participating in the annual stakeholder workshop on SOE governance. (Baseline: 0 in 2016; End Target: 15).

Rationale: This indicator would measure attendance at the Annual Stakeholder Workshop on SOE governance as a proxy for measuring citizen engagement.

Outputs:

The number of SOEs publishing audited financial statements at the time of the SOE Annual General Meetings was 16, exceeding the target of 15 (Achievement of IRI11 is Substantial).

- Corporate governance improvements were piloted in five SOEs that successfully implemented their annual action plans based on their respective corporate governance actions plans with an implementation level of 90.5% that exceeded the target of 80% (IRI12). They were the Ghana Water Company Limited (97%), Tema Development Company (92.6%), Ghana National Petroleum Corporation (89%), Volta River Authority (87%) and Electricity Company of Ghana (86.4%). Capacity development activities, including training for board members of 33 was conducted to streamline SOEs corporate governance practices. The Code of Corporate Governance, the Performance Management Framework and the State Ownership Policy were prepared and finalized for Cabinet approval. In addition, a Corporate Governance Curriculum to train and build capacity of board and management of SOEs was prepared and four local training institutions including the Ghana Institute of Management and Public Administration, and the University of Ghana Business School were selected to deliver training based on the Curriculum. (Achievement of IRI12 is Substantial).

- The project supported civil society (CSO) participation in the annual stakeholder Forum on SOE governance. At the end of the project, 17 CSOs relative to the target of 15, participated in the 2022 Policy and Governance Forum after a suspension of activities during the COVID-19 pandemic. (Achievement of IRI13 was Substantial).
- An equity study on state ownership was conducted and set the foundation for the establishment of a SOE single entity. The findings and recommendations of the 2019 study covering 100 entities (52 wholly owned and 48 JVCs) and a Cabinet Memorandum were submitted. A report on the verification and valuation of assets of 40 inactive entities to complement the findings of the equity study was also prepared. While there was no DOI for the completion of the study on SOE equity, it contributed significantly to the achievement of PDO 4.
- Motivated by the SOE study, the SOE single entity, State Interests and Governance Authority (SIGA) was established with the SIGA Act (Act 990) that was enacted in 2019. SIGA became fully operational after the appointment of Board of Directors and Director Generals, and staff recruitment. According to the ICR (p. 13), it has since played a central role in introducing and mainstreaming good corporate governance, best practices in accounting, inclusion of SOEs in the national accounts, and enhanced transparency of SOEs. SIGA took over the role of preparing State Ownership Reports (SORs) from the MoF and has since prepared SORs with extended coverage and enhanced contents; most of the SOEs reported in the SORs have published the accounts in line with the International Financial Reporting Standards (IFRS).
- The 2020 SOR was published 9 months late, compared to the target of within 6 months for 20 SOEs. However, its coverage was expanded to a total of 132 entities covering 47 SOEs, 54 Other State Entities (OSEs), 17 Joint Venture Companies (JVCs) and 14 Minority Interests. (Achievement of DOI4 is Modest).

Outcome

The achievement of PDO4 is rated Substantial. Notwithstanding the Modest rating of DOI4, substantial progress was made in improving the governance of the SOEs as reflected in the conduct of the SOE study, the application of its findings in the establishment of SIGA, its current role in the production of the SORs and the ratings of IRIs 11-13. These contributed to better transparency through regulatory compliance including accounting and audits, corporate governance and posting of financial information. IEG notes that one of the SOEs, Ghana Airport Company Ltd., was recently given a ‘no objection’ to borrow on its balance sheet up to US$188.6 million, the second largest amount authorized to the 11 SOEs subject to credit risk analysis (MOF, 2022 Annual Public Debt Report, p. 40) and an indicator of transparent reporting by the SOE.

Rating
Substantial

OVERALL EFFICACY

Rationale

The project's efficacy is rated Substantial as three of the four PDOs were rated Substantial and one PDO is rated Modest. In the three PDOs that were fully achieved, all targets except two DOIs were rated Substantial. Although two PDO-level indicators (DOI1 and DOI4) are rated Modest, the evidence regarding the project's progress towards the achievement of PDO1 and PDO4 is sufficient to merit an outcome rating of Substantial. DOI1 was not an appropriate indicator. DOI4 related with the publication of the State Ownership Reports of SOEs was published with a 9-month delay but included a much larger coverage of SOEs.

Substantial improvements were made by the project in the areas of strengthening the GRA's Business Intelligence Systems, debt management and improving the governance of SOEs. GRA's revenue management and control systems were strengthened with the installation of the DW- Business Intelligence system that contributed to reducing revenue leakages and raising revenues. The project made good progress in strengthening debt management through improved cash flow forecasting, better debt reporting, transparency, and operational risk management. The Credit Risk Assessment Framework (CRAF) was developed specifically for the utilities sector to evaluate the creditworthiness of SOEs. A key reform to set up a single entity SIGA to manage Ghana's SOEs, and the latter's role in the bringing better transparency through regulatory compliance and corporate governance led to improved governance of SOEs.

The project's achievements regarding strengthening capacity in public investment management (PDO3) were Modest for the following reasons. While the design and implementation of a PIM Guidance Operational Manual (OM) to prioritize public investment projects for budgetary purposes was an important achievement, there was insufficient progress towards PDO3. (i) While 82% of the public investment projects were prioritized according to the OM prior to inclusion in the budget, it is not clear how 18% of the projects that failed the PIM screening were handled for budgetary financing. Were they included anyway? It is also not clear how many large projects were included in the 82% category. (ii) Indicators focused on the number of staff trained missed attention to the quality of learning. (iii) An ICT-based M&E system that would have significantly improved PIM and should have been at the core of the new PIM strategy was not implemented even after a 6-year project term.

The information on the project's achievements is captured in the narrative of the ICR, and although a Results Framework is presented, there is a general lack of information to fully cover all the components under the project, and to determine the extent of actual achievements. The project was extended twice, running for just over 7 years and still, the main component (Component 1) although recorded as achieved, was not fully implemented. A mini-DW environment had been set up, with no specific information or timeline on when this would be fully achieved. The absence of a fully functional DW would undermine the core tenets of PDO1.

Overall Efficacy Rating

Substantial

5. Efficiency

This efficiency analysis is based on a financial analysis of two components of the project: enhanced mobilization of domestic revenues and improved governance of SOEs (pg. 42, Annex 5, ICR).

Enhancement of domestic revenues is associated with increased financial returns related with the project's efficiency. In 2021, tax revenue was 13.4% of GDP compared to the baseline of 9% of GDP in 2016. According to the ICR, the difference between the actual and the baseline is USD 3,139.93 million, or more than 200% of the project cost. While the increase in the tax revenue to GDP is generally attributed to several other factors, the ICR assumes that all the increase is attributable to this project as it led to improvements in GRA's tax administration, although the latter is not fully operational. This attribution is implausible. While it is true that prior to the pandemic, Ghana's tax to GDP ratio was 13%, and significantly below some of its regional peers, there is no evidence from official sources (WEO or WDI) to support the baseline and actual statistics noted in the ICR, much less evidence to attribute any significant increase in tax revenues to only the project.

The ICR posits that improvements in SOE governance contributed to financial returns through reduced net losses. Between 2019 and 2022, losses by wholly owned SOEs declined saving USD 442 million (pg. 42, ICR). Savings from improving the performance of JVCs, SOEs and minority interest were estimated at USD 2,364 million. In both areas of enhanced revenues and improved SOE financial returns, the ICR could have provided more granular evidence on how project activities contributed to these results given that as of 2023, GoG had announced a debt default, and subsequently entered an IMF 3-year ECF program to restore macroeconomic stability.

Project management by MoF staff proved to be efficient while building the capacity of the MoF and the M&E Unit, despite minor weaknesses in M&E implementation that may have resulted from understaffing and insufficient incentives (See Section 9). The more than two-year extension of the planned completion date was due to disruptions from the change in government following project approval and the COVID-19 pandemic, neither of which could have been predicted. There was efficiency in mainstreaming the project within the MOF and avoiding the need for costly consultants in the project implementation unit. There were also cost savings from the shift in using internal expertise for certain activities instead of external consultants (ICR, p. 46).

The project closure was delayed by over two years with two extensions. Overall, the project performed well on timeliness. The extension was requested by the government to complete remaining activities, especially the installation of the DW. Some project activities were significantly affected by the COVID-19 pandemic due in part to travel restrictions, lockdowns, and social distancing measures. While some activities had to be conducted virtually, proving to be less effective than face-to-face activities, IR Indicator 4.3 “CSOs participating in the annual stakeholder workshop on SOE governance” was not feasible in a virtual format. However, it was achieved 2022 after the government's policy to restrict workshops was relaxed. Despite these challenges, the Project had achieved 99 percent disbursement prior to the second extension in March 2022.

DW was a complex system and its procurement required significant inter-departmental collaboration which was a challenge. As this was not envisioned during project design, there were insufficient risk mitigation measures that led to delays. The responsibility for the management of the DW/BI within GRA was transferred to different departments multiple times, impacting overall implementation, and significantly affecting the timeline. Insufficient communication and collaboration between the parties responsible for detailing the specifications and the final beneficiaries of the system also impacted the project's progress. Some of these issues should have been highlighted in the scoping report, considering there were already significant capacity gaps in Ghana even before the project.

Despite the challenges, the project made some progress. Hence, project efficiency is rated modest.

Efficiency Rating

Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 ☐ Not Applicable
ICR Estimate		0	0 ☐ Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is rated high, as the project directly addressed and contributed to enhancing the GoG's institutional capacity for revenue and expenditure management by improving the taxpayer database and enhancing GoG's ability to manage public debt, investments, and SOEs. The objective continues to remain relevant even after project closure especially because there has been a sharp deterioration in the macro-economic situation in Ghana. Revenue and expenditure management, and debt sustainability have become even more critical. These reforms continue under the IMF's ECF with revenue enhancements being frontloaded in the fiscal adjustment effort. Accordingly, GoG has set out to enact measures that will permanently raise the non-oil revenue-to-GDP ratio by at least 0.9 percent of GDP in 2024, 0.6 in 2025 and 0.4 percent of GDP in 2026, (pg.58, IMF ECF).

Efficacy is rated as **Substantial.** The project achieved three of its four objectives and made Modest progress in the fourth. The project made progress in strengthening revenue, public investment, debt, and SOE management.

Efficiency is rated **Modest** although the ICR is weak in providing sufficient information to show that Efficiency improved.

These ratings indicate some shortcomings in the project's preparation and implementation, leading to an Outcome rating of Moderately **Satisfactory**.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

The risk to development outcome is rated high. The results achieved have not sufficiently supported the depth of reforms which were needed in Ghana during project implementation. During the project preparation, Ghana was also in discussions for IMF's ECF (2015-18) and the WB DPF. This project's achievements were not sufficient and sustainable to support the depth of reforms, emerging risks, and subsequent interventions in Ghana. At restructuring, the project may have missed opportunities for restructuring the components to adequately meet the changing circumstances, particularly the rapidly deteriorating macro-economic conditions. Capacity risks remained high, despite efforts to undertake extensive training across components. The GoG has recommitted to reforms under the IMF's ECF program so some of its development outcomes are relevant for this project. It is expected that the four government institutions engaged in the project's implementation (MoF, GRA, CAGD, and SIGA) will continue to implement reform activities under GoG's new PFM strategy (2022-2026) that was approved in May 2022. The strategy overlaps with this project, especially in domestic revenue mobilization, public investment management, SOEs, and audit.

The PFM Strategy which was approved in May 2022 augers well for a long-term reform strategy and priorities in PFM, particularly under the IMF's current ECF. The reform priorities in the PFM which overlap with the Project – domestic revenue mobilization, public investment management, SOEs and audit remain important areas of long-term reform. The WBG has since approved a new operation, "PFM for Service Delivery PforR" which will further support the implementation of the PFM Strategy.

The Bank will continue to work closely with the IMF under the new ECF arrangement and is expected to provide support in the form of a DPO which may cover some of the key subcomponents of the Project including debt statistics and extrabudgetary funds among others.

8. Assessment of Bank Performance

a. Quality-at-Entry

The Project was strategically relevant for Ghana's design and preparation with realistic and clearly defined objectives. The Project also paid attention to technical, financial, and economic aspects while providing appropriate support for procurement, financial management, and social safeguards.

The operation was built in parallel with an ongoing DPO series. For example, the Cabinet approved the policy on PIM in 2015 to satisfy a DPO prior action (See Section 2a). The series was underpinned by considerable analytical work that also benefited this project.

However, neither the DPO series nor the analytical work on Ghana supported GRA. Instead, its design draws on analytical work from similar settings, e.g. IMF. 2011. Revenue Mobilization in Developing Countries and Cos (Pablo Hernandez de, and Enrique Moral-Benito. 2013); "What drives a successful fiscal consolidation?" (Applied Economics Letters 20 (8), both cited in the PD, (p. 3.)). The Bank's lack of experience with GRA helps explain design weaknesses that needed to be addressed during GEMS implementation such as issues of interdepartmental coordination in GRA (see Sections 4 and 9b).

Quality-at-Entry Rating
Moderately Satisfactory

b. Quality of supervision
The issues identified in the Project were appropriately reported and presented in aide memoires and ISRs. The Bank also provided enough support to ensure fiduciary compliance, especially in financial management and procurement. Co-leadership between the Governance Global Practice and the Macroeconomics, Trade and Investment Global Practice was a benefit, allowing some team members at appraisal to support project implementation until project closure, particularly for DW/BI, allowing continuous and seamless collaboration with government counterparts.

Quality of Supervision Rating
Satisfactory

Overall Bank Performance Rating
Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design
The M&E function under the Project was assumed by the M&E Unit under the Policy Coordination Monitoring and Evaluation Division (PCMED) of MoF. The Project did not use a dedicated and stand-alone M&E system because, during appraisal, it was concluded that the M&E systems in place were adequate. A dedicated M&E officer was in place throughout project implementation.

b. M&E Implementation
The Project Monitoring Unit (PMU) undertook various implementation reviews, and the results were used to understand bottlenecks and problems better, but this happened with insufficient frequency and proactiveness, according to the ICR (p. 15). The data collection for the PDO and intermediate indicators was done primarily in response to requests from the Bank team during support missions or if ad-hoc needs emerged. While the M&E Unit was well positioned and mandated for its functions, it needed more staffing and funding to carry out its work.

Three of the indicators were measurable and relevant to their respective objectives. The first indicator had to be revised because the GRA had difficulties in collecting data and measuring the target. The revised indicator (DOI1) was: an increase in the ratio of four major taxes (personal income tax, company tax, value-added tax, and import duties) to non-oil GDP (percentage). As defined, the project outcome (higher revenues) could only be partly attributed to the project, as explained above in Sections 4 and 5.

c. M&E Utilization

Except for the attribution problem above and the revision of one out of four indicators, the M&E framework was effective in providing information and data on implementation progress. The PDO level and intermediate level indicators were well designed and allowed both the Bank team and the PMU to follow implementation progress closely and to address implementation weaknesses with the implementing agencies and partners, despite the minor M&E weaknesses discussed above.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The environmental and social risks category was classified as C, and no social safeguard policies were triggered. The project continues to be classified as C.

b. Fiduciary Compliance

According to the ICR (Page 19), financial management remained **Moderately Satisfactory** throughout project implementation. Various internal control arrangements, such as different levels of approval and authorizations, were in place throughout project implementation to ensure the safeguarding of project funds and assets. Some shortcomings in financial management did exist, such as delays in submitting audited financial statements, but this did not prevent the timely and reliable provision of information required to manage and monitor the implementation of the Project. Furthermore, interim financial reports and annual audited financial statements were submitted following WBG guidelines, albeit with occasional delays beyond the six months requirements specific in the Financial Agreements.

Challenges existed with the timely submission of documents and response requests from the Bank, mainly due to the multiple layers of bureaucracy and ineffective and inefficient contract management. However, the performance improved throughout project implementation.

c. Unintended impacts (Positive or Negative)

None reported.

d. Other

---

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Satisfactory	Moderately Satisfactory	Shortcomings in the project's preparation and implementation, some which could have been addressed during the restructurings.
Bank Performance	Satisfactory	Moderately Satisfactory	
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Modest	

12. Lessons

The ICR (pp. 21-22) offers several lessons and this ICRR would like to emphasize several of them:

Inter-departmental collaboration in project design enhances the delivery of outcomes. Any project requiring collection of data or connecting systems, as in this case, requires extensive communication and stakeholder engagement. Projects of this nature need to undertake an in-depth scoping before designs are presented. The procurement of the DWI/BI required more time than initially planned due to the changes to the departments within GRA with the responsibility for the management of DW/BWI, which in turn required additional inter-departmental collaboration. Task teams may also consider internalizing this during project design and ensure the procuring entity and the beneficiary entities are on the same page.

During restructurings, the level of ambition needs to be carefully calibrated. The government and Bank team were understandably cautious about the pandemic's uncertainties and focused on achieving the original PDO. They may have missed opportunities to respond to changing dynamics/circumstances and new information. At the first restructuring, due in part to delays (2020), there was evidence that the challenges faced by Ghana were increasing. Fiscal challenges had increased, with an increasing fiscal burden from SOEs, high rollover and solvency risks, the reforms around debt management could have been re-designed to address the unfolding situation.

13. Assessment Recommended?

No

14. Comments on Quality of ICR

The ICR provided a general assessment of the project. It mainly covered the relevant sections in some detail but did not provide sufficient evidence-based information and analysis to allow the ICR Review to be completed. It drew some lessons from evidence provided in the text. The efficiency section is not well developed and does not adequately discuss the DOIs and indicators. The discussion on the TOC is weak. The ICR could have provided more granular evidence on how project activities contributed to increased revenue and improved SOE financial returns (see Section 5). For example, an estimate of the number of businesses previously paying only import duties and now brought into the full tax regime would have helped to attribute revenue increases more precisely to project activities. Also, the ICR should have given a measure of the relative importance of SOEs to the economy that the project supported to produce timely, audited annual financial reports, to judge the significance of this achievement.

a. Quality of ICR Rating
Modest