



1. Project Data:		Date Posted : 07/28/2004	
PROJ ID: P045588		Appraisal	Actual
Project Name: Pub. Fin. Mgmt. Tap	Project Costs (US\$M)	29.9	31.04
Country: Ghana	Loan/Credit (US\$M)	20.9	18.41
Sector(s): Board: PS - Central government administration (100%)	Cofinancing (US\$M)	10.4	7.14
L/C Number: C2925; CP987			
	Board Approval (FY)		97
Partners involved : DFID, Canadian CIDA, and the European Commission	Closing Date	06/30/2001	07/31/2003
Prepared by :			
Michael R. Lav	Reviewed by :	Group Manager :	Group:
	Fareed M. A. Hassan	Kyle Peters	OEDCR
2. Project Objectives and Components			
a. Objectives			
Enhance the efficiency, accountability, and transparency of financial management functions of the Government . To that end, the project supported the implementation of the Government of Ghana's Public Financial Management Reform Program.			
b. Components			
1. Budget Preparation Subsystem/Medium Term Framework (MTEF) (actual expenditures US\$0.76 million) 2. Budget and Public Expenditure Management System (BPEMS) (US\$19.9 million) 3. Cash Management System (US\$0.36 million) 4. Aid and Debt Management Sub-System (US\$0.19 million) 5. Revenue Management Subsystem (US\$0.95 million) 6. Audit (US\$ 2.56 million) 7. Procurement (US\$0.36 million). 8. Project Management (US\$1.98 million). In addition to these financed components of the project, there were also four components of the project for which there were no expenditures (actual or projected): A. Computer-based Modern Information Technology B. Human Resources Development C. Legal Framework Revision and D. Communication Strategy. The ICR does not make clear how these activities were funded, nor is their funding discussed in the President's Report or its technical annex.			
c. Comments on Project Cost, Financing and Dates			
The project cost US\$ 31.04, financed by disbursements from an IDA credit of US \$ 18.41 million (according to Annex 2, but US\$19.03 million according to paragraph 5.4), cofinancing of US\$7.14 million, and the Government of Ghana US\$5.49 million. Only a small portion of the IDA credit was cancelled (US\$0.15 million) but exchange rate losses accounted for US\$ 2.34 million. The project was appraised in June, 1996, approved by the Board on November 7, 1996, made effective on April 4, 1997, and closed on July 31, 2003, more than two years behind schedule.			
3. Achievement of Relevant Objectives:			
Regarding introduction of the MTEF: The computerized budget preparation originally intended was not introduced, but the substituted system does support activity costing . Regarding Aid and Debt Management Sub-System, reporting of debt has improved and the system now picks up guarantees, although the utility of improved reports is limited given delays in implementing BPEMS. The Revenue Management sub-System has improved with the implementation of the tax payer identification numbering system and revenues have increased from 14.8 percent of GDP in 1999 to 17.5 percent of GDP in 2002. A new Procurement Law has improved procurement practice but its implementation is not generalized yet and the impact of the reform is yet to be seen . Auditing capacity has improved, although "sustainability of progress ... seems uncertain".			
4. Significant Outcomes/Impacts:			
Revenues increased from 14.8 percent of GDP in 1999 to 17.5 percent in 2002.			
5. Significant Shortcomings (including non-compliance with safeguard policies):			
A. Regarding introduction of the MTEF: 1. The formulation of the annual budget within a completed rolling MTEF resulted in superficiality in a number of respects with little demonstrable value in the short run . Almost half of government expenditures (related to staff expenditures) are not yet captured. 2. While a framework for a broad based budget was established, it has only been only partially implemented, omitting many donor resources and			

revenue generated internally by government agencies . 3. The printed budget produced by the MTEF system is overwhelmed by details. The budget guidelines approved by Cabinet do not have a clear connection to the budget discussions and the guidelines for future budgets receive only limited attention . B. Regarding introduction of the BPEMS: The project implementation schedule called for BPEMS pilot implementation by June, 1998, partial operation for the 1999 budget and full operation by the 2000 budget. At the end of 2003 and seven years of effort, none of the outputs listed as performance indicators had been produced . C. Regarding Cash Management, the project contribution to improving cash management has been minimal given the delay of implementing BPEMS . D. Concerning Human Resource Development, the training of end-users for the BPEMS has been only embryonic and the overall training strategy envisaged has not been implemented, because of implementation delays in the MTEF and BPEMS. E. Communications: Activities do not seem to have had a significant impact within the administration .

6. Ratings :	ICR	OED Review	Reason for Disagreement /Comments
Outcome :	Unsatisfactory	Unsatisfactory	
Institutional Dev .:	Substantial	Modest	Many of the large number of shortfalls noted in Section 5 relate directly to Institutional Development, and these shortfalls are inconsistent with the ICR's IDI rating of "substantial". For example, concerning Human Resources Development, the ICR notes that training of end-users for the BPEMS (which is by far the largest component of the project) and "which is key to the effectiveness of the whole reform has only been embryonic. Actually, the overall training strategy that had been envisaged has not been implemented. As a consequence, the initial training provided could not be put to use and was lost."
Sustainability :	Likely	Unlikely	There is not enough evidence presented in the ICR to warrant a sustainability rating of likely in view of the poor performance of government and the Bank in implementing this project. Even one of the few successful components which supported improved auditing capacity, the ICR notes that "sustainability of progress... seems uncertain."
Bank Performance :	Unsatisfactory	Unsatisfactory	
Borrower Perf .:	Unsatisfactory	Unsatisfactory	
Quality of ICR :		Satisfactory	

NOTE: ICR rating values flagged with '*' don't comply with OP/BP 13.55, but are listed for completeness.

7. Lessons of Broad Applicability:

1. As noted in the ICR, the project confirms the need of sufficient attention to institutional issues at the initial stages of project design, noting that the project lacked a clear vision, and lacked adequate attention and agreement from the start of the project as to how technical support arrangements were to be organized and their migration through implementation of ongoing maintenance was going to be achieved . 2. Project design needs to take adequate account of implementation capacity and borrower ownership . A simpler project focussing on core reforms fully endorsed by the government would have been more appropriate in this case .

8. Assessment Recommended? Yes No

9. Comments on Quality of ICR:

The ICR is clear and forthright in discussing the shortfalls of this project . The failure of the Government to supply any comments on the ICR speaks to a lack of ownership and lack of Institutional Development Impact of the project . The ICR is inconsistent in its rating of the project outcome, rating it Unsatisfactory in the list of Principle Performance Ratings on page 1, but Marginally Unsatisfactory (U) in section 4.1, which could be taken as a rating of Marginally Unsatisfactory or Unsatisfactory . This ICR review takes the ICR rating as Unsatisfactory as in the list of Principle Performance ratings on page 1.

