

ACTION FICHE FOR GHANA

1. IDENTIFICATION

Title/Number	General budget support in response to high international food prices. CRIS – 2009/021-801		
Total cost	EU contribution: €15 million – financed from Budget Line 21 02 03 (Food Facility).		
Aid method / Management mode	General budget support – centralised management		
DAC-code	51010	Sector	General budget support

2. RATIONALE AND COUNTRY CONTEXT

The regulation (EC) n° 1337/2008 of the European Parliament and of the council of 16th December 2008 established a facility for rapid response to soaring food prices in developing countries. The primary objectives of the assistance and cooperation under this Regulation shall be to: (i) encourage a positive supply response from the agricultural sector in target countries and regions; (ii) support activities to respond rapidly and directly to mitigate the negative effects of volatile food prices on local populations in line with global food security objectives.-Countries to be allocated resources were to be selected on the basis of (i) Poverty levels and real needs of populations, (ii) Food price developments and potential social and economic impact, (iii) Capacity of country to respond and implement appropriate response measures. The Commission's Decision of 30 March 2009 to implement the facility as a rapid response to soaring food prices in developing countries to be financed under Article 21 02 03 of the general budget of the European Union in 2008-2010 confirms Ghana's eligibility to the Food Facility. The Commission Decision provides for €20.9 million to be allocated to Ghana, €15 million through general budget support and €5.9 million using the instrument of call for proposals. The purpose of the present action fiche is to provide general budget support, implemented through a single 2010 base tranche of € 15 million. This action will be complementary to the MDG-Contract, funded under the 10th EDF, which in 2010 will provide a base tranche of €22 million and an Annual Performance Tranche of up to €6 million.

2.1. Country Context and National Policy and Strategy.

2.1.1. Economic and social situation and poverty analysis

According to recent studies from the World Bank (WB), global food prices have increased by 26% over the period 2004-2007. Many factors can explain this situation, paramount of which are the increasing share of crops used for bio-fuel production and the rise of oil prices which impact production and distribution costs. In Ghana aggregate trends in food prices show sharp increases in key food staples. For some commodities, the rises observed in 2008 are clearly exceptional and reflect large upward movements in world prices – for example, flour, rice and red palm oil. For others which are less tradable such as maize and sorghum, the rates of increase are less pronounced. Medium term trends plus localized seasonal factors have led to a steady increase of inflationary pressures in the last quarter of 2007 and the beginning of

2008. The inflation rate (on a year to year basis) rose from 10.2% in September 2007 to 18.4% at end-August 2008 and 20.7% at end-June 2009. The sharpest price increases have occurred in the most important food categories, as measured by their weights in Ghana's consumer price index (CPI). Food accounts for 43% in the overall CPI, with fish (10%) bread and cereals (8%), meat (4%), rice (4%) and oils and fats (2.5%) being its major components. The food-related inflation reached 17.7% at end-June 2008, 19.3% at end-April 2009 and 15.5% in June 2009.

The high volatility of petroleum and other fuel prices on the international markets undermines the stability of food prices on the domestic front. This is particularly because of the high transport costs of low-value high-volume commodities such as food staples. Crude oil prices which reached a peak of USD 147 dollars per barrel in July 2008 fell to around USD 40 per barrel at the end of 2008, declining by close to 60 percent. By the end of July 2009 however, prices had moved up again to around 75\$ per barrel. In addition, the direct impact of oil on food prices is expected to be much stronger now that the IMF has asked Government of Ghana to restore automatic bi-weekly price adjustments for petroleum products as a prior action to the conclusion of the Poverty Reduction Growth Facility (PRGF). As a result, oil prices in Ghana went up by 30% at the end of June 2009.

Simulations based on a social accounting matrix for Ghana, developed by the International Food Policy Research Institute (IFPRI) and GoG, suggests that a 34% increase in fuel prices leads to a 6-7% increase in food prices. This ratio is high given that Ghana has a large share of fuel consumption in intermediate consumption (8.5% of intermediate consumption compared to 4.1% in South Africa and 1.1% in Tanzania). As a result, the decrease of oil prices compared to its highest 2008 level is not likely to translate quickly into a mitigation of production costs.

In 2008, in an impact assessment produced by the IMF with regards to the balance of payments, Ghana appeared to be one of the countries most affected by the rise of food prices, accounting for a deterioration of the current account by the equivalent of 2.3% of GDP. The value of oil imports during 2008 amounted to USD 2.5 billion compared with USD 2.09 billion in 2007 and USD 1.65 billion in 2006. As a consequence, the external current account deficit reached 19.3% GDP and the balance of payment deficit 5.4% at the end 2008.

To avoid further slippages and restore macro-economic stability, the newly elected Government has taken up a series of measures to address the crisis by undertaking a large fiscal consolidation effort. In order to restore and consolidate fiscal and debt sustainability, the Government intends to reduce the fiscal deficit (excluding divestiture receipts) from 14.9% of GDP in 2008 to 9.4% in 2009, 6.0% in 2010, and to 4.5% in 2011. Further reduction is planned beyond 2011. Measures announced in the 2009 budget comprise (i) increasing revenues, principally by improving VAT collection, raising airport taxes, and official grants; (ii) compressing non priority expenditures while preserving pro-poor expenditures; (iii) postponing non-essential new investment projects (with domestically financed capital expenditures down from 10.5% of GDP in 2008 to 5.9% in 2009, as one-off Eurobonds-financed investment expenditures conducted in 2008 will not be repeated); and (iv) establishing a single treasury account to improve cash management.

The latest comprehensive food security and vulnerability analysis made by the World Food Program (WFP), based on data from November 2008, show that in Ghana about 1.2 million people, representing 5 % of the population, are food insecure. This national average hides striking regional differences. Thirty four percent (34%) of the population in Upper West

region is food insecure, followed by Upper East with 15% and Northern region with 10%, amounting to approximately 453,000 people. Throughout the country, about 2 million people are vulnerable to become food insecure.

2.1.2. National Development/ Cooperation Policy and Strategy

Main policy and strategic priorities and orientations:

(1) National policy and strategy:

Ghana has been implementing its Growth and Poverty Reduction Strategy (GPRS II) since 2006. The three annual progress reports (APR) produced in this context have evidenced significant improvement and nearly the achievement of the MDG 1 (halve the poverty compared to 1990 levels). A fourth APR is being finalised on the basis of the 2009 review held in April 2009. The review considered overall progress in implementing the GPRSII (for consistency) during the preceding year ('holistic assessment') as well as progress against the specific targets and triggers in the 2008 column of the Progress Assessment Framework (PAF) for 2008–10. The long-term development plan, under preparation and to cover the period 2009–2015, should address the remaining challenges for poverty reduction and growth, notably with regard to maternal and child mortality, access to safe water and infrastructure development.

(2) National Budget and medium term financial perspectives:

On the 5th of March 2009, the Government of Ghana (GoG) submitted the Budget Statement for 2009 to Parliament. The 2009 Budget is titled "Investing in a Better Ghana". The four thematic goals it sets for Government to achieve are: (1) encouraging a vibrant economy, (2) building a strong infrastructure base, (3) running a transparent and accountable government and (4) investing in people. The budget statement is fully coherent with the GRPS II. It focuses mainly on a way back to a rigorous Public Finance Management and stable macroeconomic equilibrium with the support of the IMF programme. Total receipts and payments are expected to amount to Gh¢ 9,793.13 million (€4.9 billion). An allocation of Gh¢ 1,857 million has been reserved for poverty reduction expenditure in 2009. This constitutes 19% of total Government expenditure and 32% of Ministries, Departments and Agencies (MDA) total expenditure. The EC General Budget support with other Multi-Donors Budget Support (MDBS) contributions represent between 5 and 10% of the national budget.

(3) Performance Measurement:

The MDBS activities follow the calendar and principles captured in the Multi-Donor Budget Support Framework Memorandum (MDBS FM). Practices have evolved since 2003 and may be slightly adjusted each year, according to specific constraints. Normally, the negotiation phase of the PAF n/n+2 (e.g. the PAF 2009-2011) starts at the end of n-1 (e.g. end of 2008) and is concluded normally during the first semester of n (e.g. first quarter of 2009). Meanwhile, usually in April of n, the review on n-1 results (PAF 2008) starts. Lots of efforts have been made in 2009 to better coordinate the negotiation phase of the targets and triggers for n and the assessment of those related to n-1 to strengthen the medium-term consistency of the MDBS dialogue.

2.2. Eligibility for budget support

2.2.1. National Development or Cooperation Policy and Strategy

The dialogue on the Annual Progress Report (APR) with the Government of Ghana is held at two levels: (i) a formal discussion during the Consultative Group meeting gathering annually all Development Partners (DPs); (ii) a more detailed debate through the review of the Multi-Donor Budget Support (MDBS) limited to the DPs involved. In this respect, a shift to a 3-year rolling Performance Assessment Framework (PAF) has been initiated in 2006. Further efforts in this direction will be necessary during the negotiations of the PAF 2009-2011 to agree on medium-term objectives and notably on performance indicators for MDG-based tranches. Past experience has highlighted the need to increase the result-orientation of the PAFs by using more outcome indicators. The MDG Contract is expected to contribute to this improvement. A sound dialogue and performance assessment against national policies takes place and makes Ghana eligible to the budget support.

2.2.2. Macroeconomic situation

Apart from the developments described under the section 2.1.1, the robust economic growth observed in Ghana since 2002 had already started translating into slippages on the external side (the current account balance (including official transfers) having reached -11% of GDP at the end on 2007 and almost -20% in 2008) and on the fiscal front (the overall deficit having been estimated -14.9% of GDP). On August 25th 2009, Ghana's Minister of Finance presented the 2009 mid-year review and a supplementary budget to the Parliament of the Republic of Ghana. This supplementary budget had become necessary on account of new expenditure arrears estimated at GH¢1.7 billion (about 9.7% of GDP), whereas the 2009 budget originally only set aside GH¢500 million for the clearance of past arrears. According to the Minister, this information on total arrears was not yet available at the time of the 2009 budget preparation. Further forensic audits realized by Ernst and Young under the supervision of the Ghana Audit Service are still on going at district level. This will allow the Government of Ghana to have an accurate picture of the state of the economy.

Nonetheless the macro-economic stability is not questioned as the country still benefits from the improvements obtained in the recent past. Moreover, the economic prospects for Ghana remain promising, notably with the perspective of oil revenues flowing as of 2011. On 30 June, the IMF Board agreed on a three-year Poverty Reduction Growth Facility arrangement with access of 105% of quota (SDR 387.45 million). This supports a program of fiscal consolidation to tackle macroeconomic instability, which is currently the main obstacle to sustained strong growth and poverty reduction. The IMF forecasts a GDP growth rate in 2009 of 4.5%. In terms of budget deficit, the IMF projections indicate that the 9.4% of GDP targeted for this year in the 2009 budget statement could be slightly higher. The current account balance (including official transfers) could reach a level of 12%. In order to restore a sound macroeconomic policy, the IMF Programme will focus on the following areas (in terms of structural benchmark) : (i) Revenue Management (policy direction taken from the Mission that came in February); (ii) Tax Policy (iii) expenditure management; (iv) public sector reforms; (v) energy and (vi) monetary and Exchange Rate Policy.

2.2.3. Public Financial Management

Public Finance Management remains one of the main issues covered by the MDBS dialogue and will continue to be monitored in this framework. Particular attention will be paid to the specific measures taken by the Government to mitigate the effects of the international crisis.

All in all, even though some issues still need to be addressed (e.g. budget deviation), overall progress has been evidenced in the recent past and the eligibility criterion is met. This assessment was confirmed when Ghana was considered eligible to the MDG-C in September 2008 and with the latest budget support disbursement. Ahead of the launching of the 2009 Public Expenditure and Financial Accountability (PEFA) assessment, the new government presented to the Donor Partners its vision of the future PFM reform agenda. This includes backbone reforms in the Treasury Single Account, cash management, commitment management, revenue management and the budgeting and accounting system (BPEMS¹ or an alternative system). Work in these areas has already begun by setting up working groups, making institutional arrangements and several support missions. The Minister of Finance acknowledged that these items do not cover the entire PFM agenda, but these reforms are considered as the first critical step to its overall success. A more overarching and comprehensive programme will be developed on the basis of the PEFA assessment.

2.3. Sector Policies

Almost all fifteen sectors existing in Ghana have relevant policies. However, their costing and result-orientation remain uneven. In the areas of particular interest for the action, one should mention that the agriculture sector is well organized. Many development partners are involved in the sector (World Bank, Canada, France, Germany, WFP, FAO, USAID, Japan...). World Bank is co-chairing the DP sector group. Development Partners' (DP) meet on a monthly basis, while they are meeting The Ministry of Food and Agriculture (MOFA) representatives every quarter. Canada and World Bank are implementing sector budget support. Every year, at the end of the first semester, a Joint Sector Review (JSR) of the agricultural sector performance is being organized. The overall objective of the JSR is to assess the extent of implementation of work programs and ascertain progress towards the achievement of expected outputs and outcomes of the agricultural sector and make clear and operationally-focused recommendations of priority reforms/ measures to feed into medium-term planning and budgeting exercises. Education and health sectors have a long practice of collaboration and dialogue between the Government of Ghana, the development partners and stakeholders. The dialogue on water and sanitation is relatively new.

2.4. Lessons learnt

International experiences evidence the necessity to prevent any political and social difficulties by providing well-defined and targeted support to vulnerable countries so as to mitigate the effects of food crises on their domestic markets

2.5. Complementary actions

Under the 9th EDF, the EC implements various projects aimed at supporting rural development, such as the Cocoa Sector Support and the food facility call for proposal. This action complements the B envelope allocation of €6.02 million to top up the 9th EDF Poverty Reduction Budget Support (PRBS3) for FY 2009, and the MDG-Contract for a total amount of €175 million over 6 years, of which a maximum of €28 million in 2010.

¹ BPEMS = Budget and Public Expenditure Management System.

2.6. Donor coordination

The food facility budget support will be implemented within the Multi-Donor Budget Support (MDBS), involving 11 DPs amongst which 5 EU Member States (Denmark, France, Germany, the Netherlands and the UK), 3 other bilateral donors (Canada, Switzerland, and Japan) and 2 multilateral institutions (World Bank and African Development Bank). The first MDBS Framework Memorandum (MDBS-FM) was signed in June 2003. It was revised in 2007 and the new version has been signed in May 2008. In this context, the coordination framework led by the Government of Ghana appears strong and the MDBS dialogue has proved to be an adequate instrument to support GPRS II implementation and monitor its main objectives while reducing transactions costs in aid delivery.

3. DESCRIPTION

3.1. Objectives

The overall objective of the present budget support is to further support, along with other MDBS donors, the implementation of Ghana Poverty Reduction Strategy (GPRS II) (and especially the part of the strategy related to agriculture) by helping the Government of Ghana to overcome fiscal imbalances caused by high international food prices.

3.2. Expected results and main activities

The expected results are the following: (i) social indicators are improved with clear progress on agriculture, food access, gender-related and environmental issues; (ii) Public Financial Management, effectiveness and efficiency of public expenditures, domestic accountability are improved; (iii) business climate is more attractive and growth rate enhanced; (iv) ownership and harmonization are promoted and transactions costs decreased; (v) national capacities are strengthened.

3.3. Stakeholders

The government counterpart will be Minister of Finance and Economic Planning, which is the EDF National Authorizing Officer as well. Sector ministries and specialised agencies will keep being associated to this dialogue. Furthermore, regular communication will be undertaken with external stakeholders (Parliament and civil society). The final beneficiaries will be the Ghanaian population through the macro-economic stabilisation and the poverty reduction.

3.4. Risks and assumptions

Risks mainly deal with eligibility criteria to budget support (macro-economic stability, public finance management and poverty reduction) but are considered limited. The increased domestic accountability evidenced recently, at Parliament or in the press, is moreover expected to limit the social risks attached to incoming oil revenues, to contribute to keeping public debt sustainable and to encourage an improvement of public finance management. The MDBS dialogue will continue to be a forum to monitor these overarching factors.

3.5. Crosscutting issues

Cross-cutting issues like gender and environment will continue being covered by the General Budget Support, through the performance component of the Action (for instance, gender parity at school or maternal mortality) and through the MDBS and the SBS dialogues (governance and natural resource management).

4. IMPLEMENTATION ISSUES

4.1. Budget and calendar

The total EC contribution will amount to €15 million, for which a Financing Agreement will be signed with the Government of Ghana, and it is to be disbursed according to the profile presented below. The single base component will be complemented by a base and an Annual Performance Tranche coming from the MDG Contract (10th EDF), to be disbursed at roughly the same time. The budget support disbursement will follow the national calendar and MDBS arrangement but, provided conditions are met, it should occur during the first semester of the year 2010. The period of execution of the financing agreement shall commence on the entry into force of the financing agreement and end 24 months after this date. This period of execution shall comprise two phases. The first phase, the operational implementation phase, shall commence on the entry into force of the Financing Agreement and end at the latest 12 months before the end of the period of execution. As from this date shall commence the closure phase, which shall end at the end of the period of execution.

Disbursement profile of the Food Facility Budget Support

<i>in € million</i>	2010
Base Component	15

4.2. Budget support modalities

The Action consists of a direct and untargeted budget support, according to the European Commission budget support modality.

4.3. Procurement and grants award procedures

Non Applicable

4.4. Performance monitoring and criteria for disbursement

The Action will be implemented according to the performance monitoring arrangements described in the MDBS-FM signed in May 2008. It implies that the annual assessments for the Food facility Budget support will be informed by the MDBS annual reviews, with regard to general conditions applying to all tranches.

Within the framework of the MDBS and so that the European Commission can evaluate the fulfilment of the general conditions applicable to the disbursement of all tranches, Ghana shall communicate, annually and in due time, information evidencing: (i) satisfactory progress in the implementation of the GPRS II or of the subsequent strategy; (ii) satisfactory progress in

the maintenance of a stability-oriented macroeconomic policy; (iii) satisfactory progress in the implementation of its programme to improve PFM.

The Government of Ghana shall ensure dialogue around the objectives supported by this general budget support and facilitate the participation of the European Commission in the reviews of GPRS II and subsequent strategies, in the IMF missions, in the budgetary consultations and in the PFM assessments.

4.5. Evaluation and audit

Transactions operated under the Consolidated Fund are accounted for by the Controller and Accountant General Department and audited annually by the Ghana Audit Service (GAS) which reports to Parliament. These audit reports are discussed as part of the MDBS dialogue. They are moreover complemented by audits of selected flows carried out in the context of MDBS with the support of Development Partners. The audit of selected flows is usually conducted by a private audit firm under GAS supervision. The EC could fund these exercises under the complementary support of the MDG contract financing agreement. Other evaluations might also take place within MDBS.

4.6. Communication and visibility

The communication and visibility activities will take the form of press conferences and releases organised, to the extent possible, with Government of Ghana and other MDBS members.

ACTION FICHE CALL FOR PROPOSALS FOOD FACILITY.

The purpose of this action is to increase the budgetary allocation foreseen for the Food Facility call for proposals which was formally approved as one of the measures of the 2nd Food Facility financing decision No C(2009) 3068 of 29 April 2009. The original action fiche is attached as an annex to the current fiche.

1. IDENTIFICATION

Title/Number	Supplementary budgetary allocation - Call for Proposals in the framework of the Facility for rapid response to soaring food prices in developing countries		
Total cost	€2.4 million		
Method/ Management mode	Call for proposals – Centralised/indirect centralised management (Grants/Delegation agreements)		
DAC-code, if applicable	52010	Sector	Food security

2. RATIONALE AND COUNTRY CONTEXT

Following the adoption on 29 April 2009 of the 2nd financing decision within the framework of the Food Facility, a restricted call for proposals for the amount of € 200 million has been launched in May 2009. The application process is still ongoing and expected to be completed by 22 September 2009.

Current projections suggest that the Food Facility call for proposals may generate more quality proposals than can be funded under the presently available budgetary allocation (€200 million).

An additional allocation of €11.7 million will therefore be made available for the call. Out of this amount, € 2.4 million, transferred from budget item 01 03 02 (macro-economic assistance) to item 21 02 03 (Food Facility) of the general budget of the European Union for 2009, are covered by the present decision, while the remaining €9.3 million, are covered by a separate decision.

The €2.4 million additional budgetary allocation envisaged in this action fiche will enable the financing and implementation of some of those additional quality proposals generated by the Food Facility call for proposals.

3. DESCRIPTION OF THE CALL OF PROPOSAL

A comprehensive description of the call is included in the original action fiche to which the present fiche is referring to.

3.1. Basic and Financing source.

The call has been launched on 26 May 2009. To date, only the first phase of the two-step application process has been completed. The 1st phase of the call has been successful in attracting a large number of applicants.

The deadline for the submission of full proposals has been set on 22 September 2009. The process is expected to be completed by November/December 2009 (assessment, notification to all applicants and contractualisation).

3.2. Objectives of the programme, fields of intervention/priorities of the year and expected results

The indicative amount made available to this call as approved in the 2nd Food Facility financing decision is €200 million.

It is proposed to increase this indicative amount by €2.4 million in order to select additional quality proposals.

Detailed information on the breakdown per country envisaged for this additional allocation will only be available after the submission of all full proposals and their subsequent assessment.

ANNEX: ORIGINAL ACTION FICHE CALL FOR PROPOSALS FOOD FACILITY.

1. IDENTIFICATION

Title/Number	Call for Proposals in the framework of the Facility for rapid response to soaring food prices in developing countries		
Total cost	€200 million		
Method/ Management mode	Call for proposals – Centralised/indirect centralised management (Grants/Delegation agreements)		
DAC-code, if applicable	52010	Sector	Food security

2. RATIONALE AND COUNTRY CONTEXT

On 16 December 2008, the European Parliament and the Council agreed to a Regulation establishing a facility for rapid response to soaring food prices in developing countries². This Regulation provides for the implementation of the €1 billion 'Food facility', and constitutes the main EU response to the worsening global food security situation in 2008.

The Food facility will support measures in developing countries and regions that aim to (a) encourage a positive supply response from the agricultural sector; (b) respond rapidly and directly to mitigate the negative effects of volatile food prices on local populations; (c) strengthen the productive capacities and the governance of the agricultural sector to enhance the sustainability of interventions³. Addressing the period in-between emergency aid and medium- to long-term development cooperation, it will operate for a period of 3 years.

In accordance with the requirements of Article 3 (1) of the Regulation, the Commission adopted⁴ on 30 March 2009 an overall plan for the use of the financing facility.

In line with the intention expressed and formalised in the Regulation with regard to the scope of eligible entities, the overall plan includes a budget for a call for Proposals open to selected eligible entities as listed under Article 4 of the Regulation. It is envisaged that eligible applicants will add value to Food Facility implementation in the countries concerned.

This call, as succinctly described in the present action fiche, takes into account notably the experience gained from the functioning of the EU/ACP water and energy

² Regulation (EC) No 1337/2008 of 16 December 2008. OJ L354/62, 31.12.2008

³ Article 2(1) of Regulation (EC) No 1337/2008 of 16 December 2008

⁴ Commission Decision No C(2009)2185

facilities. It will ensure transparency, equal opportunities and non discrimination between entities eligible for the call and this on the basis of clear and objective selection and award criteria, taking into account the beneficiary countries' context, including needs and ongoing activities.

In particular, the evaluation process and criteria will pay due attention to coherence and consistency in the selection and implementation of the food facility projects as a whole. The same principles will apply for ensuring coordination and coherence between the food facility projects and activities funded under EC development or humanitarian instruments, with national activities, and projects funded by EU Member States or other donors.

2.1. Basic and Financing source

Regulation (EC) N0 1337/2008 of the European Parliament and of the Council of 31 December 2008 establishing a facility for rapid response to soaring food prices in developing countries.

This Action will be financed from the budget item 21 02 03 of the general budget of the European Union for 2009.

2.2. Objectives of the programme, fields of intervention/priorities of the year and expected results

Objectives

The objectives of the programme are to: a) encourage a positive supply response from the agricultural sector in target countries and regions; b) support activities to respond and directly to mitigate the negative effects of volatile food prices on local populations in line with global food security objectives, including UN standards for nutritional requirements; 3) strengthen the productive capacities and the governance of the agricultural sector to enhance the sustainability of interventions.

Projects to be selected should cover one or several of the programme objectives.

Expected results

- Improved access to agricultural inputs and services
- Agricultural production increased and agricultural productive capacity maintained or improved
- Basic food needs for the most vulnerable people covered

The eligible activities of selected projects may include:

- Purchase and distribution of agriculture inputs and services including fertilisers and seeds, paying special attention to local facilities and availability;
- Safety net measures to maintain or increase agricultural production and/or to cover basic food needs of the most vulnerable people, including children;

- Other small-scale measures aiming at increasing production based on country needs: microcredit, investment, equipment, infrastructure and storage; as well as vocational training and support to the professional groups in the agriculture sector

The selection criteria will take in due consideration the best match of the Regulation and call for Proposals objectives with the country situation (e.g.: needs, sector policy, complementarities with existing projects).

2.3. Eligibility conditions

A) Eligible countries

See table under item 2.6

B) Eligible applicants

- (1) Decentralised bodies, in the partner countries listed in 2.6, such as municipalities, provinces, departments and regions
- (2) The following entities and bodies of the Member States, partner countries and regions and any other third country complying with the rules on access to the Community's external assistance set out in Regulation (EC) No 1905/2006, insofar as they help to achieve the objectives of the Regulation (EC) No 1337/2008
 - (a) Public or parastatal bodies, local authorities and consortia or representative associations thereof;
 - (b) Companies, firms and other private organizations and businesses
 - (c) c) Financial institutions that grant, promote and finance private investment in partner countries and regions
 - (d) d) Non-State actors operating on an independent and accountable basis

Profit-making organisations will be eligible under the call, but will be required not to make profit out of the activities co-financed by the EC.

International organisations as defined under Article 4.1.(d) of the Regulation will not be eligible and can not apply under the Call.

2.4. Essential selection and award criteria

The selection and award criteria will follow the lines laid down in the "Practical Guide to Contract Procedures for EC external actions".

The evaluation criteria will primarily take into account the relevance of the proposed actions with regard to the call for Proposals and Regulation objectives and the partner countries' context.

Other criteria will be coherence, complementarities, feasibility, implementation capacity, sustainability and cost-effectiveness.

During the preparation of the centralized Call to be organised and published by the Commission Headquarters and before launching it, the Commission will take appropriate initiatives at eligible countries level to facilitate in an effective, coherent and coordinated manner the understanding of the needs to be addressed by the Call. The result of these initiatives will be used in the selection process.

The maximum rate for co-financing is:

- 90% for entities under 1) and 2) d above
- 50% for entities under 2) a (except for those of the partner country itself), b, and c above

The method of calculation of the required level of co-financing referred to above will use the flexibility allowed by the Financial Regulation.

This differentiated co-financing takes into account the need for additionality and the potential to leverage additional financing.

Full financing may only be applied in the cases provided for in Article 253 of the Implementing Rules of the Financial Regulation where financing in full is essential to carry out the action in question.

Grants and contributions awarded under this call are expected to fall between €1 million and €5 million

The minimum amount for entities under 1), and 2) d above is €1 million

The minimum amount for entities under 2) a (except for those of the partner country itself), b and c above is €2 million

Experts and officials from the European Commission (Headquarters and Delegations) will participate in the evaluation process of the call for Proposals.

Contracting will be done in accordance with Financial Regulation provisions, grants or delegation agreements may be concluded if applicable conditions are met.

2.5. Schedule of calls for proposals

A restricted call for Proposals (two steps procedure) will be used for selecting the proposals under this Call, in order to minimise the administrative burden for all applicants. The proposals may cover one or several countries.

This call is to be launched in May/June 2009. Accelerated procedures will be applied whenever possible.

2.6. Indicative amount of call for proposals

The indicative amount available is €200 million with the following list of partner countries and indicative allocations:

Partner Country	Indicative Amount (€ million)⁵
Afghanistan	10.2
Bangladesh	15.0
Benin	6.1
Burkina Faso	5.0
Burundi	3.4
Cambodia	6.0
DRC	4.6
Eritrea	4.4
Ethiopia	13.0
Ghana	5.9
Guatemala	4.0
Guinea Bissau	2.4
Guinea	13.5
Haiti	pm
Kenya	7.2
Laos	5.8
Lesotho	2.0
Liberia	pm
Madagascar	3.0
Malawi	2.0
Mali	pm
Mauritania	7.6
Mozambique	4.5

⁵ The four countries with a "pm" will be served from the reserve, with a balanced distribution.

Nepal	6.0
Nicaragua	4.15
Niger	3.2
Pakistan	10.0
Philippines	11.3
Sao Tome e Principe	2.1
Senegal	3.6
Sierra Leone	pm
Tanzania	12.4
Togo	3.0
Yemen	3.0
Zambia	3.0
Allocation from 'reserve'	12.65
TOTAL	200.00

3. SUPPORT MEASURES

The projects will be subject to EC auditing or verification and monitoring, including under the annual Result Oriented Monitoring and annual audit plans. European Commission Delegations will be involved in the monitoring process.

The selected projects must include clear visibility and communication plans in accordance with the Communication and Visibility Manual for EU External Actions:

http://www.cc.cec/dgintranet/europeaid/info_com/visibility_issues/documents/communication_and_visibility_manual_en.pdf

