

## Annex

### 1. IDENTIFICATION

<b>Title/Number</b>	Ghana Decentralisation Support Programme - GDSP- Component I CRIS ref. GH/FED/022-108		
<b>Total cost</b>	EUR 5 000 000 European Development Fund (EDF) contribution: EUR 5 000 000		
<b>Aid method / Method of implementation</b>	Project approach – partially decentralised management		
<b>DAC-code</b>	15112	Sector	Decentralisation and support to sub-national government

### 2. RATIONALE

In December 2010 a mission team from the Directorate for Development Cooperation of the European Commission has reviewed the process and outcomes of the decentralization policy framework as well as the first draft proposal to support decentralisation under the 10<sup>th</sup> EDF, which was focused mainly on sector budget support (EUR 45 million). A smaller component was suggested to be dedicated to institutional capacity building through project approach. The team reaffirmed the relevance of the three components of support in the areas of fiscal decentralization, administrative decentralization and social accountability as well as the pertinence of the two implementation methods proposed. The mission team came to the conclusion that, while important progress was achieved, not all eligibility criteria were yet in place to immediately embark on a sector budget support. Based on the mission findings, the support is now proposed to be organised in a two-phased approach which would allow to take care of the need for further preparation on the Sector Budget Support component whilst providing the necessary institutional support. This two-phased approach is outlined as follows:

- A first phase starting in 2011 with component 1 (project support) of the Ghana Decentralisation Support Programme (GDSP) would concentrate on delivering on capacity building for local Human Resources Management (HRM) and social-accountability as well as provide the necessary preparatory support to further strengthen the sector policy framework. A review of the eligibility criteria for sector budget support would take place before mid 2012. And if the eligibility criteria are considered to be met:
- A second phase of the GDSP would start from early 2013 whilst continuing also on the project support component 1.

Should the eligibility criteria be considered not to have been met component 1 would continue its implementation as a stand alone action.

## **2.1. Sector context**

Although Ghana was an early pioneer of decentralization among developing countries, it paused in its implementation after having deconcentrated a significant set of responsibilities to two levels.

In 2010, the Government of Ghana has realised considerable achievements in developing and adopting a comprehensive and cross-partisan decentralization policy framework and an action plan for implementation. It has also officially inaugurated the Inter-ministerial Coordinating Committee (IMCC) under the chairmanship of the Vice-President which unites all relevant sector Ministries, Ministry of Finance and Economic Planning and Ministry of Local Government and Rural Development at the highest level<sup>1</sup> and has put in place a high level decentralization strategy committee under the chairmanship of the National Development Planning Commission (NDPC) as well as a specialised task force on administrative decentralization which has started work on the administrative roadmap. Major areas which the policy framework seeks to address are: 1) the roll out of the administrative decentralization process comprising functional assignments and the establishment of a road-map for ministerial realignment, the transfer of staff as well as the development and implementation of a comprehensive human resource policy by the Local Government Service Secretariat (LGSS) for the management of the approximately 33,000 staff to be transferred to the Districts.<sup>2</sup>; 2) the roll out of the fiscal decentralization including decentralized development planning and budgeting.<sup>3</sup>; 3) strengthening of service delivery particularly in social sectors like education and health and poverty reduction measures; 4) strengthening of popular participation and social accountability through capacity building for Metropolitan Municipal District Assemblies (MMDAs), Civil Society Organisation (CSOs) and Community Based Organisations (CBOs) as well as of platforms for interaction on District performance and particularly service delivery.<sup>4</sup>

At the same time, it has to be indicated that a series of critical steps will still have to be initiated to operationalize the policy framework and make it a meaningful and powerful instrument for change. Major challenges that the Government is facing in this context are the 1. operationalization of the IMCC and its underlying working structures and here particularly overcoming political resistance from within the sector Ministries; 2. defining and agreeing on a specific, pragmatic, sequenced and costed roadmap for fiscal decentralization; 3. resolving the contradictions between ‘deconcentration’ and devolution and subsequent inconsistencies in political, financial and administrative systems and their underlying legal frameworks; 4. creating the enabling environment for implementing fiscal and administrative decentralization in a sustainable and effective manner with a clear guidance on how districts should operate in the context of increased discretion over financial and human resources.

## **2.2. Lessons learnt**

Assessments that are of particular interest and have been taken into account in the formulation of the current proposal, are the Joint Decentralization Review carried out in September 2009, the PEFA on sub-national Governments in 2010 and the reports from the joint mission carried out in April 2010 with the World Bank (WB) as well as

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<sup>1</sup> Ministry of Local Government, Rural Development, Ghana National Decentralization Action Plan, April 2010, printed version p°18,19,62,63

<sup>2</sup> Ministry of Local Government, Rural Development, Ghana National Decentralization Action Plan, April 2010, printed version p°26-29

<sup>3</sup> WB, Aide Mémoire of Pre-Appraisal Mission, 6 January 2011

<sup>4</sup> Ministry of Local Government, Rural Development, Ghana National Decentralization Action Plan, April 2010, printed version, p° 42-60

subsequent WB mission reports. Lessons from the joint mission reports as well as the WB reports were particularly the need for strengthening capacity building in planning, financial management and reporting at Metropolitan Municipal District Assemblies (MMDA) level but also at central level particularly for the LGSS in the field of HR management and performance management. The joint review concluded on the aid modalities that the introduction of sector budget support would have a strengthening factor on the sector policy dialogue. On the EDF financed 2007-2009 Local Governance Programme a results oriented monitoring (ROM) exercise was carried out in May 2010. The programme was mainly focusing on the support to the former National Decentralization Action Plan and channelled support through programme estimates for capacity building at the district level. Critical areas for further consideration in this programme are the need to better establish the link between the institutions involved as well as direct capacity building to the central level institutions and finally a strong recommendation for pursuing sector budget support. Moreover, this action takes into account the feedback and evaluation from the review mission carried out by DEVCO in December 2010. On the political economy of the decentralization process in Ghana an assessment commissioned by the World Bank (WB) in June 2010 suggests that decentralization in Ghana is likely to take place in an incremental rather than transformational way. It also stresses that concerns over national unity and fiscal constraints are likely to limit extent of political devolution and put a serious constraint on the financing of the process.

### **2.3. Complementary actions**

The Ghana Decentralization Support Programme (GDSP) is aligned with the Government of Ghana decentralization policy and thus complements the actions undertaken under this framework by the Government as well as by other development partners. An overview of major development partners' interventions alongside the major elements of the decentralization policy framework is attached in Appendix 6. It will have to be complemented by the new interventions from the WB and the EU.

On the administrative decentralization, the action complements capacity building efforts for local governments financed through the District Development Fund (DDF)<sup>5</sup> in supporting Local Government Service Secretariat (LGSS) to develop a coherent framework for Human Resources (HR) and Performance Management at the District Level (component 1 and 2 of the GDSP). It also complements support which is provided by Danish International Development Agency (DANIDA) to LGSS through Technical Assistance in Quality Systems Management and establishment of pilot work departments at district level as well as support which is provided by the French Embassy for the establishment of an initial number of 10 human resources units.

In relation to fiscal decentralization the action will support, on the basis of commonly shared indicators (in coordination with other development partners), the strengthening of the District Assembly Common Fund (DACF) transfer mechanisms but also other relevant measures to be further specified like the establishment of integrated budgeting, planning and reporting mechanisms, as well as strengthening of local revenue

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<sup>5</sup> The District Development Fund (DDF) is a pool fund managed by Government that has been jointly financed since 2008 by Government of Ghana, being the largest contributor as well as Agence Française de Développement (AFD), Canadian International Development Agency (CIDA), Danish International Development Agency (DANIDA), and German Development Bank (KfW). The DDF provides financial resources for local investments. The main objectives of development partners financing of DDF are to build MMDAs capacity through expansion of autonomy, learning by doing, and providing incentive for improving local governance and service delivery. It has also served as an instrument for out phasing of various area-based supports from development partners into one common modality for both capacity building and local service delivery.

generation. The establishment of an integrated budgeting and accounting system is also supported through the introduction of the Ghana Integrated Financial Management Information System (GIFMIS) which is intended to be rolled out in the medium-term to all districts and to which the EU Delegation contributes financially and technically. Moreover the possibility of complementing the efforts under the DDF mechanism through Sector Budget Support (SBS) will be assessed in close coordination with the other Development Partners.

In relation to social accountability, this action will complement existing and future supports provided to Metropolitan Municipal District Assemblies' (MMDAs') performance assessments with different approaches and in specific regions through establishing a platform with a focus on harmonisation and country-wide coverage of those performance assessments.<sup>6</sup> Moreover, through the establishment of a platform, nurtured by Civil Society organisations (CSOs) and focusing on service delivery aspects, the action will create an interface with the social-accountability unit which is foreseen to be set up with support of the WB at the level of Ministry of Local Government and Rural Development and which is looking particularly at Public Financial Management (PFM) issues.<sup>7</sup> The development of this social accountability platform will be complemented by a call for proposals under the Non State Actors and Local Authorities (NSA and LA) thematic programme 2011-2013 which supports the development of best practices and lessons learned in social accountability as well as approaches in harmonisation of the same.

In relation to service delivery the programme intends to make a contribution through promoting harmonized citizen monitoring on service delivery under the social accountability result 2 (see 3.2.2) which will be complementary to the World-Bank support in this area. Also the action complements the DDF/ Functional and Organizational Assessment Tool (FOAT) performance monitoring with service level agreements and related service delivery performance monitoring within the context of result 1, administrative decentralization.

Finally, on the aspect of political decentralization: the EU-delegation contributes to the funding of the ongoing Constitutional Review which is also examining the selection and appointment process of the District Chief Executives (DCEs) which is an important element of the decentralization policy.

#### **2.4. Donor coordination**

Coordination with the Government of Ghana and other development partners in the field of decentralization takes place through the Decentralisation Sector Working Group. The Sector Group has the responsibility to monitor progress of the decentralization process against policy and the action plan, to coordinate donor interventions and to support harmonisation and alignment with the decentralization policy. Whilst some level of progress has been achieved through joint funding mechanisms under the District Development Fund as well as coordination of project support and harmonisation of missions, there is still room for further improvement. Particularly with the adoption of the decentralization policy and action plan a framework is now provided by Government on which Donors are asked to align and harmonise their interventions beyond the District Development Fund. The decentralization policy indicates the move towards a sector-wide approach which emphasises common funding arrangements as

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<sup>6</sup> For example a United States Agency for International Development (USAID) programme on promoting social accountability techniques focuses particularly on Local Governments in the Western Region; the future WB support focuses on strengthening capacity building for social accountability at the level of the 46 Metropolitan and Municipal Assemblies.

<sup>7</sup> See WB, Aide Mémoire of Pre-Appraisal Mission, 6 January 2011

well as the requirement of development partners to respect and support Ghanaian priorities and assist in strengthening capacities to deliver on the identified priorities.<sup>8</sup> However, up to now the level of engagement between the development partners and national stakeholders has been relatively low. The decentralization sector group has been mainly attended by development partners and has therefore not been able to provide the necessary platform for a structured interaction on the progress of the decentralization policy framework. A study jointly financed by the French Embassy and the EU Delegation on aid effectiveness in Ghana's decentralization process is currently carried out and is intended to provide the basis for future orientation in this context. The envisaged support for the development of a joint sector Progress Assessment Framework (PAF) and a structured platform for joint progress monitoring are geared towards improving on the aspects of coordination and alignment.

### **3. DESCRIPTION**

#### **3.1. Objectives**

The overall objective of the Ghana decentralization support programme is to contribute to increased performance and quality of service delivery, with a particular focus on the effective provision of basic services like education, health, as well as water and sanitation at the local level. To achieve this the purpose of the programme is to support devolution of responsibilities and resources as well as public and social accountability in line with the results and activities foreseen in the decentralization policy framework in a well synchronised, coordinated and systematic manner. In this context the programme seeks to strengthen the capacity of key institutions involved in the implementation of the decentralization policy and its action plan. The focus lies on creating the necessary framework conditions for effective administrative decentralization and effective accountability mechanisms.

#### **3.2. Expected results and main activities**

In line with the recommendations of the DEVCO mission team the response strategy to provide support to the implementation of the recently adopted decentralization policy and action plan is a two phased approach. The programme will focus in 2011-2012 on capacity building under administrative decentralization and social accountability as well as on strengthening the key elements of the sector framework as a pre-condition for sector budget support. Implementation will be carried out on the basis of the Ghana decentralization support programme but with some preliminary activities for strengthening the sector framework to start already upon approval of this programme on other financial resources, e.g. Technical Cooperation Facility (TCF). Expected results to be achieved are:

##### ***1. In support of policy measure 2 of the decentralization policy – administrative decentralization***

**Result:** Improved knowledge basis on baseline of human resource strengths, profiles and capacities available at the district level to further orient actions related to human resources (HR) management (particularly recruitment and capacity building).

**Activities:** support data collection and proposals for data organisation on human resources at the district level

**Result:** Comprehensive organisational performance management system is in place and operational in all Metropolitan Municipal District Assemblies (MMDAs). Improved

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<sup>8</sup> See paragraph of the Decentralization Policy on Development Partners under area 10. Implementation Framework

administrative practices and service delivery of districts through continuous, systematic and consistent organizational performance assessments, feed-back and incentives.

**Activities:** support the development of service delivery standards in close coordination with District Development Fund (DDF) assessment criteria and sector ministries and implementation of performance management along those standards.

**Result:** Performance-based HR Management (MMDAs) improved administrative practices and Service Delivery of Districts through continuous, systematic and consistent human resource performance assessments, feed-back and incentives as well as through linking organizational and human resource performance assessment.

**Activities:** support the development of guidelines on performance appraisals in line with priorities on service level standards and implementation of those appraisals including incentive schemes in the districts.

**Result:** Human Resources Management (HRM) Units are in place, operational and have the required capacities at Local Government Service Secretariat (LGSS) central and at the level of MMDAs

**Activities:** support procurement of basic office equipment for HRM Units<sup>9</sup> and capacity building for staff in line with functions laid out in the operational manual.

## ***2. In support of policy measures 7 and 9 of the decentralization policy – social accountability***

### **Results:**

- A common framework and platform for social accountability for harmonising District Performance Assessments (in relation to administrative practice and service delivery) carried out by communities is developed and functional.
- The framework takes into account and seeks synergies with public assessment criteria, particularly DDF and the performance management system to be developed under LGSS
- CSOs and Communities use this framework for yearly assessments, feedback and discussions on district performance (service delivery and administrative performance) in Ghana.

**Activities: support to the development of a platform strategy and action plan as well as its implementation, including the set-up of the institutional framework.**

## ***3. In support of policy measure 10 of the decentralization policy – policy coordination and monitoring***

### **Results:**

- Decentralization sector progress assessment framework (sector Progress Assessment Framework) is available providing targets and triggers for measuring progress in the implementation particularly in the two major building blocks fiscal and administrative decentralization.
- Linked to the sector PAF is a roadmap on fiscal and administrative decentralization which defines the actions, sequences, financial resource implications and costs involved.<sup>10</sup>

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<sup>9</sup> Under Component 1, up to 50 Metropolitan, Municipal and District Assemblies (MMDAs) will be targeted for equipment.

- Coordinated steering, implementation and performance monitoring is taking place on the basis of the agreed sector PAF between development partners and all major national stakeholders involved.

**Activities:**

- **support the prioritisation of the decentralization action plan** and development of a roadmap with actions and timelines particularly for the two major building blocks fiscal and administrative decentralization approved by all major stakeholders involved
- **support the costing/ development of a medium-term expenditure framework** particularly for the two building blocks, fiscal and administrative decentralization.
- **support to functioning of underlying structures and processes of the Inter-Ministerial Coordinating Committee (IMCC)** to support effective monitoring and prepare for periodic reviews and decision making by the highest level;
- **support the monitoring of the implementation of the decentralisation policy/ action plan** and structured feedback into the decision making as well as implementation process for timely action and corrective measures;
- **support the establishment of a platform for interaction between all major stakeholders and development partners** on progress of the decentralization policy framework;
- **support the adoption of key indicators and triggers for progress monitoring of the decentralization policy** by all major stakeholders (sector Progress Assessment Framework, PAF)<sup>11</sup>.

**3.3. Risks and assumptions**

<i>Risk</i>	<i>Probability.</i>	<i>Impact</i>	<i>Mitigation</i>
<b><i>Sector-external political, social and economic factors</i></b>			
Central Public Finance Management challenges (e.g. cash management and arrears,) undermine fiscal decentralization. See PFM sector group one pager 2011.	Medium (2)	High (3)	Thorough analysis of options under central PFM and monitoring of cash flows (treasury single account) Urgency to establish transparency on arrears particularly also at local level. Strengthening social accountability Timely roll-out of Ghana Integrated Financial Management Information System (GIFMIS)

<sup>10</sup> Those components are foreseen to be financed under this current programme but some level of preparatory work would have to be supported under the TCF so as to support the development of the necessary basis in time.

<sup>11</sup> Fiscal decentralization will not be directly addressed under component 1, as in line with the principle of division of labour, the WB covers the institutional support component to fiscal decentralization extensively, whereas the EU has agreed to provide institutional support to administrative decentralization. However under result 3, the development of a fiscal decentralization roadmap and identification of triggers under the SBS will be a major focus and if necessary supported in close coordination particularly with the WB.

Delivery pressure particularly in the context of elections will not provide sufficient room for national stakeholders to work on long-term impact reform processes (roll-out administrative, fiscal decentralization)	Medium (2)	High (3)	Support to finalisation of Constitutional review Focus of key reforms and proper sequencing Adequate balancing of support to reforms and support to delivery Strengthening technical levels of coordination and monitoring against too strong focus on political mechanisms (IMCC).
Creation of new Districts after recent census, which puts additional pressure on financial system.	Medium (2)	Medium (2)	Strengthening revenue side of local authorities.
<b><i>Coordination among policies and support programmes</i></b>			
Overlapping and contradictions of Local Government Service Secretariat (LGSS) performance management system with other performance management systems, e.g. District Development Fund (DDF)	Medium (2)	Medium (2)	Early coordination and integration Framework for Development Partner (DP) programme alignment with Decentralisation policy beyond decentralization, also Public Sector Reform (PSR), PFM, Health etc) is key
Redundancies and conflicting approaches of measuring District performance through social-accountability platform and other social accountability activities + also public accountability (DDF). Neglect of enforcement/ redress systems for citizens)	Medium (1)	Medium (2)	Close coordination on performance criteria setting between main CSOs involved, Districts, Institute of Local Government Studies (ILGS), Ministry of Local Government and Rural Development (MLGRD), LGSS and DPs  Take into consideration in the strategy development the role of independent redress mechanisms, particularly the Commission on Human Rights and Administrative Justice (CHRAJ).

### 3.4. Crosscutting Issues

The array of responsibilities to be assigned to local governments is expected to yield a positive impact on crosscutting issues related to environmental sustainability, gender equality, and good governance. Experience shows that governments closer to the people are better placed to respond to their needs and preferences. Given the service delivery responsibilities of local governments contemplated by Government of Ghana, the scope and quality of consultations and their performance in terms of responsiveness to priorities and effectiveness and efficiency of delivery will undoubtedly have major consequences on outcomes related to these critical issues.

### **3.5. Stakeholders**

Institutional set-ups in decentralization are complex given the cross-cutting nature of the process, both horizontally and vertically. The major governmental stakeholders steering the decentralization reform in Ghana are at the central level the Ministry of Local Government and Rural Development, Local Government Service (LGS), Ministry of Finance and Economic Planning as well as Institute of Local Government Studies (ILGS) which has a central mandate on local government service training and research. At the local level the Districts play a major role in the roll-out of the decentralisation action plan. Beyond those key actors a multitude of other governmental agencies are also concerned by the action plan and need to make contributions to a lesser or greater extent such as the sector ministries concerned (primarily health, education and agriculture), Ghana Audit Service, the Controller and Accountant General Department, the Public Procurement Authority, the National Development Planning Commission, Office of the Head of Civil Service, the Public Services Commission and at the sub-national level the Regional Coordinating Councils. Capacity constraints are important and will be addressed under this programme as well as through other ongoing and new programmes supported by development partners, specifically the upcoming WB project (Ministry of Finance and Economic Planning and Ministry of Local Government, Rural Development), German Society for International Cooperation (GIZ) (Ministry of Local Government, Rural Development, Institute of Local Government Studies (ILGS) Danish International Development Agency DANIDA, France (ILGS, LGSS) and all development partners including Canadian International Development Agency (CIDA) at the level of MMDAs through the DDF. Under the component 1 the GDSP will address particularly capacity issues of LGSS at the level of their core mandate on HRM which is key to administrative decentralization. An organisational assessment has been carried out on LGSS with financial support from GIZ, the final report is yet to be circulated. A more in depth stakeholder mapping is foreseen to be carried out to support the identification of roles responsibilities and capacity issues in preparation of phase 2 of the programme.

Beyond the Governmental sphere, CSO's and Traditional Authorities play an important role in participation and social accountability through promoting and organising participatory planning as well as oversight and feedback on district performance by communities. Consultations of CSOs has been organised in 2009 by Government of Ghana during the review of the decentralisation policy which formed the basis of the new policy framework. Major CSOs actors in decentralization have also been consulted on the current programme design and particularly on the social accountability component (consultation with CSO's started already through the identification phase; during the formulation 3 workshops have been carried out with CSOs, National Commission on Civic Education and ILGS since April 2010). All other partners have been as well intensively consulted throughout the process. This programme couldn't have been developed without the active participation and leadership provided by the Ministry of Local Government, Rural Development, the Local Government Service Secretariat, the Ministry of Finance and Economic Planning and ILGS.

## **4. IMPLEMENTATION ISSUES**

### **4.1. Method of implementation**

Partially decentralised management through the signature of a Financing Agreement with Ghana represented by the Ministry of Finance and Economic Planning in accordance with Articles 21 to 23 of the Financial Regulation of the 10th EDF. The Commission controls ex ante all the procurement procedures except in cases where

programme estimates are applied, under which the Commission applies ex ante control for procurement contracts > EUR 50,000 and may apply ex post for procurement contracts ≤ EUR50,000. The Commission controls ex ante the contracting procedures for all grant contracts.

Payments are executed by the Commission except in cases where programmes estimates are applied, under which payments are executed by the beneficiary country for operating costs and contracts up to the ceilings indicated in the table below.

The responsible Authorising Officer ensures that, by using the model of financing agreement for decentralised management, the segregation of duties between the authorising officer and the accounting officer or of the equivalent functions within the delegated entity will be effective, so that the decentralisation of the payments can be carried out for contracts up to the ceilings specified below:

<b>Works</b>	<b>Supplies</b>	<b>Services</b>	<b>Grants</b>
< EUR 300,000	< EUR 150,000	< EUR 200,000	≤ EUR 100,000

Implementation of the capacity building activities under administrative decentralization for LGSS and HR-units as well as basic equipment for selected units will be implemented through a programme estimate. Technical assistance for LGSS will be contracted through an international call for tenders by the National Authorising Officer (NAO). The technical assistance will be necessary given the serious capacity constraints to provide guidance and support in defining the major components of the HRM strategy. The call for tenders will have to be launched with a suspensive clause before the signature of the financing agreement so as to allow timely advice and direction on the action according to section 2.4.12 “Procedure with suspensive clause” of the Practical Guide to Contract procedures for EU external actions (indicative amount EUR 1,500,000).

Implementation of the Social Accountability platform activities will be implemented through a grant contract in direct award with ILGS according to section 6.3.2. Grants awarded without calls for proposals (“Direct award”) of the Practical Guide to Contract procedures for EU external actions (indicative amount EUR 1,000,000).

The support to the further development of the decentralization policy framework and its institutional set-up under the Inter-Ministerial Coordinating Committee (IMCC) will be implemented through a programme estimate at the level of Ministry of Local Government and Rural Development.

The imprest administrator and imprest accounting officer under the Ministry of Local Government and Rural Development will be responsible for coordinating the drafting and submission of all the programmes estimates of the programme.

#### **4.2. Procurement and grant award procedures *and programme estimates***

##### *1) Contracts*

All contracts implementing the action must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the implementation of external operations, in force at the time of the launch of the procedure in question.

Participation in the award of contracts for the present action shall be open to all natural and legal persons covered by the EDF. Further extensions of this participation to other natural or legal persons by the concerned authorising officer shall be subject to the conditions provided for in Articles 20 of Annex IV of the revised Cotonou Agreement.

##### *2) Specific rules for grants*

The essential selection and award criteria for the award of grants are laid down in the Practical Guide to contract procedures for EU external actions. They are established in accordance with the principles set out in Title VII 'Grants' of the Financial Regulation applicable to the 10<sup>th</sup> European Development Fund. When derogations to these principles are applied, they shall be justified, in particular in the following cases:

- Financing in full (derogation to the principle of co-financing): the maximum possible rate of co-financing for grants is normally 80% of the total accepted costs of the action. Full financing may only be applied in the cases provided for in Article 109 of the Council Regulation on the Financial Regulation applicable to the 10<sup>th</sup> European Development Fund. The grant to ILGS will be financed in full based on the fact that ILGS receives only a limited allocation for basic administration through the Government and it has to finance its operations mainly on its own revenues, Derogation to the principle of non-retroactivity: a grant may be awarded for an action which has already begun only if the applicant can demonstrate the need to start the action before the grant is awarded, in accordance with Article 108 of the Financial Regulation applicable to the 10th EDF.

### 3) Specific rules on programme estimates

All programme estimates must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question The EDF financial contributions cover the ordinary operating costs deriving from the programme-estimates.

## 4.3. Budget and calendar

The operational implementation period will have duration of 48 months as from the signature of the Financing Agreement.

<b>Category</b>	<b>Total by category In EUR</b>
TA for HR management (LGSS – Service contract)	<b>1,500,000</b>
Capacity building and basic equipment for LGSS and selected HR-Departments – programme estimate	<b>1,100,000</b>
Capacity Building – facilitating social accountability platform – grant contract in direct award with ILGS	<b>1,000,000</b>
Capacity building Ministry of Local Government and Rural Development (MLGRD) for coordination on decentralization policy framework and progress review/ program-estimate	<b>1,000,000</b>
Audit and Evaluation/monitoring	<b>200,000</b>
Visibility	<b>50,000</b>
Contingencies	<b>150,000</b>
<b>Grand Total</b>	<b>5,000,000</b>

<b>Activity</b>	<b>Tentative timetable</b>
Signature of Financing Agreement with Government of Ghana	11/11
Signature of Grant contract with ILGS – duration 48 months	01/12
Signature of PE under Ministry of Local Government, Rural Development –duration 48 months	11/11
TA for LGS to be contracted after call for tenders duration (suspensive clause) 48 months	01/12
Signature of PE under LGSS duration 48 months	01/12

#### **4.4. Performance monitoring**

Day-to-day technical and financial monitoring will be a continuous process as part of the Beneficiary responsibilities. To this aim, the Beneficiary shall establish a permanent internal, technical and financial, monitoring system to the project, which will be used to elaborate the progress reports. Independent consultants recruited directly by the Commission on specifically established terms of reference will carry out external monitoring missions.

Progress will be monitored by analysing, among others the following key indicators (not exhaustive list): Reliable information basis available and functional for systematic recruitment of staff to the districts; Improved District Administrative Practice and Service Delivery through continuous, systematic and consistent organizational and human resource performance assessments, feed-back and incentives; HRM Units are in place, operational and have the required capacities at LGSS central and in MMDAs; A basic framework and platform for social accountability and comparison of District Performance (administrative and service delivery) by Communities is developed and functional.

#### **4.5. Evaluation and audit**

External mid-term, final and ex-post evaluations or monitoring missions and a final audit will also be carried out by external consultants recruited directly by the EU Delegation in accordance with EU rules and procedures. The amounts are provided under the budget. Before mid-2012 an internal review will be carried out to determine the eligibility for component 2 of the Ghana decentralization support programme. In line with the Paris Declaration, all evaluation missions should be integrated as far as possible in the joint evaluation missions organised through the decentralization sector working group.

#### **4.6. Communication and visibility**

Communication and visibility activities will be particularly linked to the support to LGSS and social accountability platforms. Banners and materials containing EU logo will be used during workshops, equipment procured under this project will receive the EU logo. Joint communications will take place at the opening of workshops when appropriate.