

Policy Note

Transparency and Accountability of the COVID Fiscal Response in Ghana

IBP Ghana | July 2021

KEY POINTS

- The findings of our budget credibility analysis on Ghana’s COVID response show that the government spent GHS 1.2 billion on the Coronavirus Alleviation Programme (CAP), an execution rate of 99.8%. The government also delivered on many of its commitments under the COVID-19 Alleviation, Revitalization, and Enterprise Support (CARES) programme.
- However, there are fiscal reporting lags, as data on actual expenditures published in fiscal reports, which are usually published quarterly, were only available for the first two quarters of 2020, with no further updates even as recently as May 2021.
- There are inconsistencies in COVID-related budget implementation reporting by government in the 2020 Mid-Year Budget Review and the 2021 Budget Statement.
- The above findings corroborate Ghana’s “Limited” score on the Open Budget Survey (OBS) COVID assessment. Despite stronger practices in transparency during the introduction of the policy response, there was insufficient reporting on its implementation, limited oversight by the Supreme Audit Institution (SAI) and Legislature, and minimal opportunities for public participation.
- Our findings in this note suggest there are ways that the Government of Ghana can continue to strengthen transparency and oversight practices to build public trust in the COVID response.

IS GOVERNMENT SPENDING AS PROMISED?

How much of the announced COVID response fiscal policies did the government implement as planned? This note looks at the available data on spending to track how well the government reported on its spending in response to COVID, as well as whether the reported numbers are in line with the policies the government announced in July 2020.

The 2021 budget reports that government spent GHS 1.2 billion on the Coronavirus Alleviation Programme (CAP), an execution rate of 99.8%. The government also delivered on many of its commitments under the COVID-19 Alleviation, Revitalization, and Enterprise Support (CARES) programme, including the provision of free water and electricity, a reduction in the Communication Service Tax (CST) rate from 9% to 5%, the establishment of a GHS 2 billion Guarantee Facility to support all sectors of business and job retention, an increase to the CAP Business programme by GHS 150 million to, among other things, facilitate credit of GHS 50 million to support the Creative Arts, the Media, and the Conference of Independent Universities.

However, there is no clarity regarding the target beneficiaries for the GHS 2 billion Guarantee Facility. Likewise, the qualification criteria, terms, conditions, and the application processes remain unclear. While the 2020 Mid-Year Review includes all sectors of business and job retention, the 2021 budget identified the Guarantee Facility as support to large enterprises and for job retention. The Unemployment Insurance Scheme scheduled for January 2021 was not launched and the only information available is the setting up of a tripartite technical committee¹ to establish the modalities for implementing the Scheme. The GHS 100 million Fund for Labour and Faith-based organisations for retraining and skills development was implemented six months later.

Data on actual expenditures published in fiscal reports, which are usually published quarterly, were only available for the first two quarters of 2020, with no further updates even as recently as May 2021.² In addition, the aggregated nature of the published fiscal data makes it impossible to see what actual government spending is related to COVID-19 fiscal policies. Such long periods of information lag are worrisome, as it does not keep citizens in tune with government policies and inhibits public scrutiny of budget implementation.

¹ [Employment Minister gives update on National Unemployment Insurance Scheme - Graphic Online](#)

² See the Web Archive snapshot as of May 2021:

<http://web.archive.org/web/20210505174801/https://www.mofep.gov.gh/fiscal-data>

There are inconsistencies in COVID-related budget implementation reporting by government in the 2020 Mid-Year Budget Review and the 2021 Budget Statement. For instance, the 2020 Mid-Year Review allocated GHS 560 million for Water subsidy (Water bills), yet the 2021 Budget provided updates for water and sanitation covering only three months (April to June 2020) amounting to GHS 276 million and not the GHS 560 million appropriated in the Mid-Year Review. On electricity subsidy, GHS 1.1 million was approved in the 2020 Mid-Year Review while no update was provided in the 2021 budget. The inconsistencies in budgeted allocations in the Mid-Year Review and the reporting in the 2021 budget make it difficult to compute the actual execution rates for some specific COVID-19 interventions for 2020.

BOX 1. EMERGENCY POLICIES ANNOUNCED IN 2020

Summary of fiscal policy measures

- Following the first reported case of COVID-19 in March 2020, the government of Ghana instituted specific policy interventions to protect lives and cushion households and businesses during the pandemic.
- The Emergency Preparedness and Response Plan (EPRP) was announced and geared towards strengthening the health system to contain the spread of the pandemic and save lives. These included the procurement of Personal Protective Equipment (PPE) and other medical equipment and supplies, testing and treatment, the mobilization of contact tracers and field surveillance officers, incentives for frontline health workers, fumigation of public markets and schools, water and electricity subsidies, and provision of dry food packages and hot meals.
- In addition, soft loans, and a credit guarantee scheme for Micro, Small and Medium-sized Enterprises (MSMEs) were introduced as part of a broader policy framework called the Coronavirus Alleviation Programme (CAP) estimated at GHS 1.2 billion. The 2020 mid-year budget review also announced a GHS 100 billion COVID-19 Alleviation, Revitalization, and Enterprise Support (CARES) programme.
- The CARES programme is in two phases, a stabilisation plan that ran from July to December 2020 and a medium-term revitalisation plan that seeks to bolster the Ghana Beyond Aid Agenda, which is expected to run through 2021-2023.

GHANA'S PERFORMANCE ON THE OBS COVID ASSESSMENT

In early 2021, the International Budget Partnership (IBP) and SEND Ghana studied how the government managed its initial COVID-19 fiscal policy response between 1st March and 30th September 2020.³ Our goal was not just to assess how the government fared, but to generate lessons on how it can respond better, both to the ongoing COVID-19 crisis and to future ones. Our research focused on the three critical pillars of accountability that underpin the Open Budget Survey methodology:⁴ public access to relevant information, adequate oversight arrangements and opportunities for citizen engagement. Each pillar is essential to ensuring resources are used effectively, that peoples' basic needs and priorities are adequately addressed and that governments can be held accountable for their choices.

Ghana's overall score was 'Limited', reflecting stronger practices in transparency during the introduction of the Mid-Year Review of the 2020 Budget Statement and Economic Policy of the government of Ghana and related supplementary estimate; however, there was very little information on the implementation of the policy response, limited oversight by the Supreme Audit Institution and Legislature, and minimal opportunities for public participation during the period of the study.

- **On transparency**, the announcement of fiscal policies in response to COVID by government did provide some information, with good reporting on macroeconomic changes, total planned expenditures, and sources of financing. However, even when announcing the emergency fiscal policies, the government did not provide detailed expenditure information, for example, by administrative unit or programmes.
- Another area of good performance is that the Mid-Year Review provided a strong narrative explaining the policy rationale and intended beneficiaries for different emergency policies that were announced, including identifying the types of beneficiaries (individuals, businesses) and vulnerable groups. Some information about beneficiaries for SME support programmes was disaggregated by gender; however, no policies announced by the government explicitly target women and girls as beneficiaries.

³ Results from this assessment are available on IBP's website: <https://internationalbudget.org/covid/>

⁴ See: <https://www.internationalbudget.org/open-budget-survey/about>

- Information on the implementation of the emergency fiscal response was minimal during 2020 although some additional information has since been released in 2021. This lack of information meant that the public was not able to monitor the government's implementation of its emergency fiscal response. The 2020 Mid-Year Budget Review was the main publication that provided major updates on allocations for COVID-19 emergency spending up until the mid-point of the year as well as revised allocations for the remainder of the fiscal year. However, after the Mid-Year Budget Review there were no significant updates on actual implementation of COVID-19 spending until March 2021 when the 2021 Budget was read in Parliament.
- No information was available about emergency procurement, which is another serious gap for transparency. Many contracts were entered into by the government in the procurement of health equipment, infrastructure, and services to help contain the pandemic and mitigate its socio-economic costs. These contracts range from testing contracts at the airport, procurement of PPE and test kits, hiring of service providers, to the building of 101 district hospitals, 7 regional hospitals, and 2 psychiatric hospitals. For now, information is lacking as to what procurement processes were undertaken (sole sourcing, competitive bidding, etc.) and whether value for money was ensured.
- **On oversight**, the legislature debated and approved the supplementary estimates related to the COVID response, but they had very limited time for the debate and the government had already started implementing some of the emergency response without legislative approval. Likewise, funds for the COVID-19 National Trust Fund, which is an extra-budgetary fund used to finance the response, did not go through legislative oversight. The Auditor General also did not announce any special audits or actions to provide additional oversight for COVID-19 related spending.
- **On participation**, there were limited formal opportunities made available by the government to consult with the public around the formulation or implementation of the COVID-19 response, even as there were some informal inputs made by specific interest groups or CSOs to the government.

RECOMMENDATIONS

The government of Ghana deserves commendation for managing the Coronavirus and mitigating its impact on the economy. However, there are significant gaps in information provision to the public as well as inconsistencies in policies and timeline challenges in the delivery of commitments. We recommend the following measures going forward:

- The Ministry of Finance should deepen transparency and accountability by publishing regular budget performance reports (i.e., quarterly) without delays.
- To aid proper citizen monitoring and ensure value for money, the Ministry of Finance should provide quarterly briefs on COVID-19 spending from all funding sources.
- The Ministry of Finance should be consistent in budget performance reporting across all official documents, Mid-Year Budget Reviews, and Budget Statements.
- Future interventions should come with outcome indicators at the outset to enable proper performance evaluation of these interventions.
- In reporting the outcomes of interventions, government should provide gender disaggregated information of beneficiaries to enable a proper assessment of the gender sensitivity of government interventions.
- The Auditor General should conduct special audits into COVID-related spending in line with the mandate of the Audit Service to ensure value for money in the emergency fiscal policy interventions.

THE WAY FORWARD

As a result of the findings on Ghana's COVID response, civil society, including IBP and SEND Ghana, is engaging with the Ministry of Finance around ways to strengthen and sustain good practices to enhance transparency, public participation, and oversight in the future.