

4. 署名済み合意議事録

RECORD OF DISCUSSIONS BETWEEN
JAPAN INTERNATIONAL COOPERATION AGENCY
AND
MINISTRY OF FOOD AND AGRICULTURE
THE GOVERNMENT OF THE REPUBLIC OF GHANA
ON
JAPANESE TECHNICAL COOPERATION FOR THE TC PROJECT ON
FINANCIAL MANAGEMENT IMPROVEMENT PROJECT OF
MINISTRY OF FOOD AND AGRICULTURE

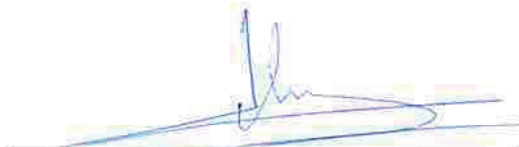
Japan International Cooperation Agency (hereinafter referred to as "JICA") had a series of discussions with Ministry of Food and Agriculture (hereinafter referred to as "MOFA") for the purpose of working out the details of the technical cooperation in Ghana concerning "Financial Management Improvement Project of MOFA" (hereinafter referred to as "the TC Project"), with respect to desirable measures to be taken by JICA and MOFA for the successful implementation of the TC Project.

As a result of the discussion, JICA and MOFA agreed to recommend to their respective Governments the matters referred to in the document attached hereto.

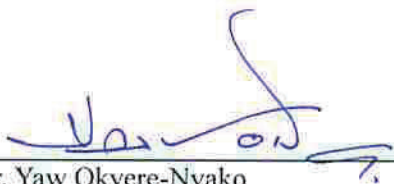
Accra, 15 February 2010



Mr. Kunihiro Yamauchi
Resident Representative
Japan International Cooperation Agency
Japan



Ing. Joseph K. Boamah
Chief Director
Ministry of Food and Agriculture
The Republic of Ghana



Mr. Yaw Okyere-Nyako
Director
External Resource Mobilization Division-Bilateral
Ministry of Finance and Economic Planning

THE ATTACHED DOCUMENT

1. Cooperation between JICA and Ghanaian Government

The Government of Ghana will implement "the TC Project on Financial Management Improvement of Ministry of Food and Agriculture" (hereinafter referred to as "the TC Project") in cooperation with JICA.

The TC Project will be implemented in accordance with the TC Project Design Matrix (PDM) and its Plan of Operations (P/O), both of which are given in ANNEX I respectively. However, these documents are placed as guidelines and timing of activities and inputs are subject to change depending on the surrounding environment. Exact timing will be determined during the implementation of the TC Project in close consultation among parties concerned.

2. Measures Taken by the Both Sides

2.1 JICA

In accordance with the laws and regulations in force in Japan, JICA will take, at its own expense, the following measures according to the normal procedures under the Colombo Plan Technical Cooperation Scheme.

A. Dispatch of Japanese Experts

JICA will provide services of Japanese experts as listed in ANNEX II

B. Training of Ghanaian Counterpart Personnel (C/P)

JICA will provide technical training opportunity in Republic of Ghana and/or in a third country(ies) for Ghanaian personnel concerned with the TC Project.

C. Supply of Equipment

JICA may provide supplemental equipments (hereinafter referred to as "the Equipment") necessary for the implementation of the TC Project. The Equipment will become the property of the Government of Ghana upon being delivered CIF (cost, insurance, and freight) to the Ghanaian authorities concerned at the ports and/or airports of disembarkation.

2.2 Government of Ghana

The Government of Ghana will take necessary measures to ensure that the self-reliant operation of the TC Project will be sustained during and after the term of Japanese technical cooperation, through full and active involvement in the TC Project by all related authorities, beneficiary groups and institutions.

A. The Government of Ghana will ensure that the technologies and knowledge acquired by the Ghanaian nationals as a result of Japanese technical cooperation will contribute to the economic and social development and institutions.

B. The Government of Ghana will grant in Ghanaian privileges, exemptions and benefits to the Japanese experts referred to in 2.1.A above and their families, which are no less

favourable than those accorded to experts of third countries working in Ghana under the Colombo Plan Technical Cooperation Scheme.

- C. The Government of Ghana will take necessary measures to ensure that the knowledge and experience acquired by the Ghanaian personnel from technical training will be utilised effectively in the implementation of the TC Project.
- D. In accordance with the laws and regulations in force in Ghanaian, the Government of Ghana will take necessary measures to provide at its expense:
 - (a) Services of the Ghanaian Counterpart personnel and administrative personnel as listed in Annex III.
 - (b) Office space, lecture and meeting rooms necessary for the TC Project; and
 - (c) Supply or replacement of machinery, equipment, instruments, vehicles, tools, spare parts and any other materials necessary for the implementation of the TC Project other than the Equipment provided by JICA under 2.1.C above.
- E. In accordance with the laws and regulations in force in Ghana, the Government of Ghana will take necessary measures to meet:
 - (a) Expenses necessary for transportation within Ghana of the Equipment referred 2-C in II-2 above as well as for the installation, operation and maintenance thereof;
 - (b) Customs duties, internal taxes and any other charges, imposed in Ghana on the Equipment referred to in 2-C above; and
 - (c) Running expenses (including maintenance costs of equipments and facilities provided by Japan) necessary for the implementation of the TC Project.

4. Administration of the TC Project

- A. Chief Director of MOFA will bear overall responsibility for the administration and implementation of the TC Project as Project Director. Chief Director of MOFA will support the TC Project Manager carries out his responsibility.
- B. Financial Controller, as the TC Project Manager, will be responsible for the managerial and technical matters of the TC Project.
- C. JICA Experts, led by Chief Advisor, will provide necessary recommendations and advice to the TC Project Director and the TC Project Manager,
- D. The expert(s) will give necessary technical guidance and advice to the Ghanaian counterpart personnel on technical matters pertaining to the implementation of the TC Project as listed in ANNEX III.
- E. For the effective and successful implementation of technical cooperation for the TC Project, a Joint Coordinating Committee will be established whose functions and composition are described in Annex IV.

5. Joint Evaluation

Evaluation of the TC Project will be conducted jointly by JICA and the Ghanaian authorities concerned at the middle and during the last six month of the cooperation term in order to examine the level of achievement.

6. Claims against Japanese Experts

The Government of the Republic of Ghana undertakes to bear claims, if arising, against the Japanese experts engaged in technical cooperation for the TC Project resulting from, occurring in the course of, or otherwise connected with the discharge of their official functions in the Republic of Ghana except for those arising from the wilful misconduct or gross negligence of the Japanese experts.

7. Mutual Consultation

There will be mutual consultation between JICA and the Government of Republic of Ghana on any major issues arising from, or in connection with this Attached Document. Any subsequent change to current tentative Project Design Matrix (PDM) and Plan of Operation (PO) will be discussed and confirmed by the Joint Coordinating Committee and as recorded in the Minutes of the meeting after commencement of the TC project.

8. Measures to Promote Understanding of and Support for the TC Project

For the purpose of promoting support for the TC Project among the people of Ghana, the Government of the Republic of Ghana will take appropriate measures to make the TC Project widely known to the people of Ghana.

9. Term of Cooperation

The technical cooperation for the TC Project under this Attached Document will last over a period of 5 years from the time of first dispatch of the Japanese experts.

ANNEX I Project Design Matrix and Plan of Operation

ANNEX II List of Japanese Experts

ANNEX III List of Ghanaian Counterparts and Administrative Personnel

ANNEX IV Joint Coordinating Committee

Annex I Project Design Matrix and Plan of Operation

See the attachments:

Attachment (1): Project Design Matrix (tentative version)

Attachment (2): Plan of Operation (tentative version)

ANNEX II List of Japanese Experts

Experts

1. Budget and Finance Expert (Chief Advisor)
2. Accounting/ Audit Expert
3. Project Management/ Monitoring & Evaluation Expert
4. Asset Management Expert
5. Procurement Expert
6. Information Technology Expert
7. Project Coordinator/ PFM Sector Coordination Expert

ANNEX III List of Ghanaian Counterparts and Administrative Personnel

1. Project Director
Ing. Joseph K. Boamah Chief Director, Ministry of Food and Agriculture

2. Project Manager
Mr. H. Baah-Adade Financial Controller, Finance Directorate,
Ministry of Food and Agriculture

3. Component Coordinator
 - (1) Planning and Budgeting
Mr. Ram Bhavnani Director of Policy, Planning, Monitoring and
Evaluation,
Ministry of Food and Agriculture
 - (2) Implementation
Mr. H. Baah-Adade Financial Controller, Finance Directorate,
Ministry of Food and Agriculture
 - (3) Asset Control
Mr. Alidu Fuseini Director of General Administration and Finance,
Ministry of Ministry of Food and Agriculture
 - (4) Auditing
Mr. Francis Agbemefio Chief Internal Auditor,
Ministry of Food and Agriculture

4. Schedule Officers
 - (1) Planning and Budgeting
Mr. Daniel Ohemeng-Boateng Policy, Planning, Monitoring and Evaluation
Directorate
 - (2) Implementation
Ms. Crispina Esinam Deku Finance Directorate
 - (3) Asset Control
Ms. Esther Acolor Edem General Administration and Finance Division
 - (4) Auditing
Ms. Agnes Frimpong Internal Auditor

* In case of personnel relocation, the successors should take over the above roles of this particular TC project.

ANNEX IV Joint Coordinating Committee

1. Function

The Joint Coordinating Committee (JCC) will meet at least quarterly and whenever necessity arises in order to:

- (1) Review and monitor the overall progress of the TC Project as well as the achievement.
- (2) Exchange of views on major issues arising from, or in connection with, the TC Project; and
- (3) Coordinate with authorities concerned and stakeholders.

2. Composition

(1) Chair Person

Chief Director Ministry of Food and Agriculture

(2) Members from Ghanaian Side

- MOFA concerned Directorates

- (1) Financial Controller, Finance Directorate
- (2) Director, Policy, Planning, Monitoring and Evaluation Directorate
- (3) Director, Administration and Finance Division
- (4) Chief Auditor, Internal Audit Unit
- (5) Head, Budget Unit, PPMED
- (6) Head, Procurement Unit, Projects Division

- MOFEP:

- (1) Budget Division
- (2) External Resource Mobilization Division-Bilateral

- Controller and Accountant General Department:

(3) Members from Japanese Side

- Resident Representative, JICA Ghana Office
- Assistant Resident Representative in charge of this TC project, JICA Ghana Office
- Project Formulation Advisor in charge of this TC project, JICA Ghana Office
- Japanese Experts
 - (1) Budget/ Finance (Chief Advisor)
 - (2) Accounting/ Auditing
 - (3) Project Management/ M&E
 - (4) Asset Management
 - (5) Procurement
 - (6) Information Technology
 - (7) Project Coordinator/ PFM Sector Coordination
- Personnel concerned to be appointed by the Chief Representative of JICA Ghana Office.

* Person(s) invited by the Chairperson may attend JCC meetings as observer(s).

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"Project on Improvement of Public Financial Management of MOFA"
 Tentative Version (01/02/2010)
 Project Period: 2010 Apr. - 2015 Mar. (5 years)

Project Area: Entire Area of Ghana

Indirect Beneficiaries: MOFEP and Farmers

Project Area: Entire Area of Ghana

Project Period: 2010 Apr. - 2015 Mar. (5 years)

Project Area: Entire Area of Ghana

| Narrative Summary | Objectively Verifiable Indicators | Means of Verification | Important Assumptions |
|--|---|--|--|
| <p>Super Goal Be an effective Financial Management model for other MDAs.</p> | <p>MOFEP's and other MDAs' recognition in the statements and documents concerning better financial management performance of MOFA</p> | <p>PFM Short/Medium-term Action Plan (expected to be revised) indicates improving status of MOFA</p> | <p>Short/Medium-term Action Plan is revised (DPs expect so) and includes MDA status</p> |
| <p>Overall Goal Decrease the bottlenecks in Financial management services of MOFA which affects its Agricultural service provision.</p> | <p>Indications in MOFA's Performance report concerning financial services' issues in relation to Agric service is halved from the peak after implementation of the TC project with subsequent decrease of issues of Agricultural service delivery.</p> | <p>MOFA's Performance report</p> | <p>Policy of GOG and MOFA will not be changed.</p> |
| <p>Project Purpose PFM of MOFA is improved.</p> | <p>Number of recommendations by Internal Audit are implemented and comments on major issues made by External Audit are halved from the peak after implementation of the TC project. Over expenditure of MOFA is halved from the peak after implementation of the TC project. Overall financial management reports are submitted on time.</p> | <p>Audit Reports Financial Statement of MOFA</p> | <p>Leadership in GOG and MOFA will not be changed.</p> |
| <p>Outputs 1. Policy making & Planning and MTEF Budget Preparation is improved. 2. Revenue & Expenditure Management is improved. 3. Commitment Management is improved. 4. Asset Management is improved. 5. Performance Evaluation is improved. 6. Internal Audit is improved.</p> | <p>1. Proportion (%) of acceptable (activity or performance based) budget which reflects National/Sectoral policy from cost centers is increased up to 30%. MTEF Budget reflects medium National Policy Framework (30% of cost centers prepare it appropriately). District Strategic Plans are produced appropriately and compiled these at the regional level together with implementation plan (30% of district and region offices). 2. Quarterly financial report is ready by 30 days (currently 90days) after the end of quarter. Detailed and comprehensive Revenues and Expenditure Statements are prepared by 30% of cost centers. Regional financial reports for management decision making are prepared by 30% of regions within the fixed framework and period. 30% of over expenditure on payroll is reduced from the peak after the implementation of TC project. 3. 75% of cost centers introduce and prepare commitment ledgers, which is suitable for MOFA, for effective financial reporting. 4. Management method and procedural manual are established and introduced for Accurate and comprehensive records of MOFA's Assets Registers cover and manage the flow of all the Assets in 30% of cost centres Comprehensive data on MOFA Assets is established and managed 5. Budget framework, technical inputs and financial information are covered on activity and/or performance basis in the performance evaluation report are prepared and submitted on time. 6. Frequency of Auditing for all cost centers is reduced from 2 years to 1 year Quality of Audit Report is increased and includes concrete advices for better management of the organization rather than inspection nature.</p> | <p>1. Budget submitted by cost centers MTEF Budget Volumes check by MOFEP Annual Work Plans of Cost-centers 2. Financial Reports from Cost-Centers Cost-Centers' Revenue and Expenditure Cash Book 3. Commitment returns from Cost-Centers Quarterly budget allocation showing activities to be done 4. Asset Register and Inventory of stores Various Directorates and Cost-Centers 5. Account records and Budget of Cost-Centers Asset registers and Store records Policy statement of GoG FAA 658, P/A 663, IAA 654 6. Audit Report issued in cost centers Annual report of the Internal Audit Agency</p> | <p>Political commitment of GOG and MOFA to the Project will be maintained. Project counterparts will not be transferred. Transferring the knowledge and technique to the successor of those who receive training when relocated.</p> |

| Activities | Ghanaian Side | Japanese Side | Pre-conditions |
|---|---|---|----------------|
| <p>1-1. Review all the Cost-centers' and Regions' Work Plans and Budget statements. 1-2. Evaluate Cost-centers' and Regions' budget statements and identify weak budget statements. 1-3. Conduct study visits to locations of ones identified weak and seek the source of the weaknesses and specify remedial actions.</p> | <p>Human Resource • Project Director • Component Managers • Finance Directorate • PPME Directorate • Admin. Directorate • Internal Audit Unit • IT Experts Facility • Office for Japanese Experts Running cost of the Project</p> | <p>Human Resource <Experts> - Budget/Finance (Chief Advisor) - Accounting/Auditing - Project Management/ M&E - Asset Management - Procurement - Information Technology - PFM Sector Coordination/ Project Coordinator <Local Consultant> - MTEF Consultant - Field work/research</p> | |
| <p>1-4. Standardize budget preparation principle & procedures, and prepare Procedural Manual. 1-5. Establish standard unit costs for relevant goods & service items in budgeted activities. 1-6. Conduct training on planning and budget preparation (National, Regional and District) for all cost centres.</p> | | | |
| <p>2-1. Review the existing data capture system used by cost centers. 2-2. Inventory all the possible revenue and expenditure transactions and assure the full coverage of the statements. 2-3. Review the current preparation method & format of financial statements including projects. 2-4. Review appropriateness of various revenue collecting sources for financial report. 2-5. Strengthen standardization of the principle & procedures and prepare Procedural Manual. 2-6. Conduct training and workshop on Procedural Manual. 2-7. Prepare the payroll verification check-list. 2-8. Payroll inspection.</p> | | | |
| <p>3-1. Grasp and identify the definition and mechanism of incurrence of "Commitment" transactions. 3-2. Take inventory of MOFA commitments. 3-3. Design and produce "Commitment Ledger." 3-4. Inventory all the existing Commitments and book them in the "Commitment Ledger." 3-5. Review current management rules with special regard to authorization and strengthen them if needed. 3-6. Prepare Procedural Manual to manage Commitment transactions. 3-7. Trial implementation of Commitment Ledger. 3-8. Training on the Commitment Manual.</p> | | | |
| <p>4-1. Standardize preparation procedures of Fixed Asset Register. 4-2. Conduct comprehensive inventory of existing assets. 4-3. Review accounting classification between Fixed Asset and inventory. 4-4. Prepare consolidated asset ledger and establish system of institutionalized consolidation. 4-5. Establish system of regular (periodic) physical asset taking and prepare its Procedural Manual, "Inventory" and "fixed asset" respectively. 4-6. Rearrange fixed asset accounting (utilization of construction-in-progress account) and establish clear linkage with the project accounts.</p> | | | |
| <p>4-7. Review procurement system and capacity. 4-8. Conduct training on Asset Management and procurement.</p> | | | |
| <p>5-1. Review the linkage between "Activities in Logical Framework" and "Accounting (Expenditure) Records." 5-2. Decompose and reclassify project expenditure items in accordance with the Log-frame activities to ensure linkage with each objective. 5-3. Consider treatment of expenditure support by local governments, etc. (off-national-budget expenditure) in the performance statements.</p> | | | |
| <p>5-4. Review the existing M&E system and its extent of adoption. 5-5. Establish procedures for regular performance monitoring using indicators including designing of uniform monitoring format. 5-6. Update base-line data according to the determined items and monitor its impelmentation. 5-7. Design format of Performance Statement. 5-8. Establish multi-layered performance evaluation system (including auditing) and elaborate performance evaluation manual. 5-9. Conduct trial implementation of Financial Monitoring. 5-10. Conduct trial implementation of Technical Monitoring. 5-11. Conduct trial implementation of Budget Monitoring. 5-12. Training on Monitoring.</p> | | | |
| <p>6-1. Review current practices of Internal Auditing with regard to the coverage and procedures of services in respective auditing fields. 6-2. Identify weaknesses and seek practical solutions to tailor feasible auditing procedures in each field. 6-3. Prepare internal auditing operational & procedural manual. 6-4. Conduct trial implementation of Internal Audit. 6-5. Conduct training on Internal Audit.</p> | | | |

