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September 6, 2018

**Closing Date: Tuesday, September 25, 2018
at 6:00 p.m.**

FROM: Vice President and Corporate Secretary

Ghana - Ghana Secondary Cities Support Program

Program Appraisal Document

Attached is the Program Appraisal Document regarding a proposed credit to Ghana for a Ghana Secondary Cities Support Program (IDA/R2018-0301), which is being processed on an absence-of-objection basis.

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Report No: PAD2798

PROGRAM APPRAISAL DOCUMENT

ON A

PROPOSED CREDIT

IN THE AMOUNT OF SDR 71.1 MILLION

(US\$ 100 MILLION EQUIVALENT)

TO THE

REPUBLIC OF GHANA

FOR A

GHANA SECONDARY CITIES SUPPORT PROGRAM

September 4, 2018

Social, Urban, Rural And Resilience Global Practice
Africa Region

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CURRENCY EQUIVALENTS

(Exchange Rate Effective Jun 25, 2018)

Currency Unit = Ghana Cedis (GC)

GC 4.49 = US\$1

US\$ 1 = SDR 0.71094933

FISCAL YEAR

January 1 - December 31

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ABBREVIATIONS AND ACRONYMS

ACBP	Annual Capacity Building Plan
ACG	Anti-Corruption Guidelines
ACs	Audit Committees
ACSP	Annual Capacity Support Plan
APA	Annual Performance Assessment
AS	Audit Service
BPEMS	Budget and Expenditure Management System
CAGD	Controller and Accountant General's Department
CAS	Country Assistance Strategy
CE	Citizen Engagement
CHRAJ	Commission on Human Rights and Administrative Justice
CPF	Country Partnership Framework
DACF	District Assembly Common Fund
DDF	District Development Fund
DLIs	Disbursement Linked Indicators
DLRs	Disbursement Linked Results
DPAT	District Performance Assessment Tool
DPs	Development Partners
E&S	Environment and Social
EOCO	Economic and Organized Crime Office
EPA	Environmental Protection Agency
F&C	Fraud and Corruption
FDU	Fiscal Decentralization Unit
FOAT	Functional Organizational Assessment Tool
GoG	Government of Ghana
GSCSP	Ghana Secondary Cities Support Program
ICT	Information and Communication Technology
IMCC	Inter-Ministerial Coordinating Committee
IPFs	Indicative Planning Figures
IVA	Independent Verification Agencies
LGCSP	Local Government Capacity Support Project
LGs	Local Governments
LGS	Local Government Service
LUSPA	Land Use and Spatial Planning Authority
LVD	Land Valuation Division
M&E	Monitoring and Evaluation
MAs	Municipal Assemblies
MCs	Minimum Conditions



MDAs	Ministries, Departments and Agencies
MLGRD	Ministry of Local Government and Rural Development
MMAs	Metropolitan and Municipal Assemblies
MMDAs	Metropolitan, Municipal and District Assemblies
MoF	Ministry of Finance
MTDPs	Medium- Term Development Plans
MTR	Mid-Term Review
NALAG	National Association of Local Authorities in Ghana
NDAP	National Decentralization Action Plan
NDPC	National Development Planning Commission
NDPF	National Decentralization Policy Framework
NUPF	National Urban Policy Framework
OHCS	Office of Head of Civil Service
OHLGS	Office of Head of Local Government Service
OSP	Office of Special Prosecutor
PAPs	Program Action Plans/Program Affected Persons
PPBME	Policy, Planning, Budgeting, Monitoring and Evaluation
PBs	Performance Benchmarks
PDO	Program Development Objective
PFM	Public Financial Management
PforR	Program for Results
PMs	Performance Measures
RCCs	Regional Coordinating Councils
RFG	Responsiveness Factor Grant of DACF
SC	Steering Committee
SCD	Systematic Country Diagnostic
SWAp	Sector Wide Approach
TWG	Technical Working Group
UDAP	Urban Development Action Plan
UDGs	Urban Development Grants
US\$	United States Dollars



BASIC INFORMATION

Is this a regionally tagged project?		Financing Instrument
No		Program-for-Results Financing
Bank/IFC Collaboration	Does this operation have an IPF component?	
No	No	

Proposed Program Development Objective(s)

To improve urban management and basic urban services in Participating Municipal Assemblies

Organizations

Borrower : Ministry of Finance

Implementing Agency : Ministry of Local Government and Rural Development

COST & FINANCING

SUMMARY (USD Millions)

Government program Cost	261.00
Total Operation Cost	261.00
Total Program Cost	261.00
Total Financing	261.00
Financing Gap	0.00

Financing (USD Millions)

Counterpart Funding	161.00
Borrower	161.00
International Development Association (IDA)	100.00
IDA Credit	100.00



Expected Disbursements (USD Millions)

Fiscal Year	2019	2020	2021	2022	2023	2024
Absolute	8.65	21.45	20.85	19.55	29.50	0
Cumulative	8.65	30.10	50.95	70.50	100.00	100.00

INSTITUTIONAL DATA

Practice Area (Lead)

Social, Urban, Rural and Resilience Global Practice

Contributing Practice Areas

Governance

Jobs

Climate Change and Disaster Screening

Yes

Private Capital Mobilized

No

Gender Tag

Does the program plan to undertake any of the following?

a. Analysis to identify Project-relevant gaps between males and females, especially in light of country gaps identified through SCD and CPF

Yes

b. Specific action(s) to address the gender gaps identified in (a) and/or to improve women or men's empowerment

Yes

c. Include Indicators in results framework to monitor outcomes from actions identified in (b)

Yes



SYSTEMATIC OPERATIONS RISK-RATING TOOL (SORT)

Risk Category	Rating	
1. Political and Governance	● Moderate	● Moderate
2. Macroeconomic	● Substantial	
3. Sector Strategies and Policies	● Moderate	
4. Technical Design of Project or Program	● Moderate	
5. Institutional Capacity for Implementation and Sustainability	● Moderate	
6. Fiduciary		
Fiduciary rating from IRT:	● Substantial	
● Substantial as of 14-Jun-2018		
7. Environment and Social		
Environmental Risk rating from IRT:		
● Moderate as of 14-Jun-2018	● Substantial	
Social Risk rating from IRT:		
● Substantial as of 14-Jun-2018		
8. Stakeholders	● Moderate	
9. Other		
10. Overall	● Substantial	

COMPLIANCE

Policy

Does the program depart from the CPF in content or in other significant respects?

[] Yes [✓] No

Does the program require any waivers of Bank policies?

[] Yes [✓] No



Safeguard Policies Triggered

Safeguard Policies	Yes	No
Projects on International Waterways OP/BP 7.50		✓
Projects in Disputed Areas OP/BP 7.60		✓

Legal Covenants

Sections and Description

The Recipient through MLGRD, shall not later than June 30, 2020, review and upgrade the DPAT indicators and performance scoring system in a manner satisfactory to the Association. (Schedule 2, Section V.A)

Sections and Description

Not later than one month after the Effectiveness Date, the Recipient through MLGRD shall: (a) enter into a Participation Agreement with each respective Participating Municipal Assembly and RCC satisfactory to the Association, outlining the obligations of each party regarding its respective obligations in implementing the Program; and (b) enter into Partnership Agreement with the Commission on Human Rights and Administrative Justice, satisfactory to the Association which shall *inter alia* include the requirements on handling and reporting fraud and corruption allegations in the Program to CHRAJ and the institutional and operational requirements for complying with the Association's governance and anti corruption requirements. (Schedule 2, Section I.B.1(b) and B.2)

Sections and Description

The Recipient through MLGRD, shall throughout the implementation of the Program, undertake annual procurement audits of the Participating Municipal Assemblies in a manner satisfactory to the Association. (Schedule 2, Section V.B)

Sections and Description

Not later than six (6) months from the Effectiveness Date, and appoints independent verification agents under terms of reference acceptable to the Association ("Verification Agents"), to verify the data and other evidence supporting the achievement of one or more DLIs as set forth in the table in Section IV.A.1 of Schedule 2 and recommend corresponding payments to be made, as applicable. (Schedule 2, Section I.B.4(b)(i))

Effectiveness Conditions

Description of Condition

The Recipient has prepared the Program Operational Manual in form and substance satisfactory to the Association. (Article V.5.01.)


TASK TEAM
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GHANA
GHANA SECONDARY CITIES SUPPORT PROGRAM

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I. STRATEGIC CONTEXT

A. Country Context

1. **Ghana has experienced strong economic growth over the past decades.** Ghana's growth rate has been faster than other Sub-Saharan Countries. Its annual Gross Domestic Product has increased 5.7 percent per annum over 1984-2013, with the economy growing at 7.8 percent per annum over 2005-2013. The economy slowed down between 2014-2016. However, by end of 2017, it grew by 8.5 percent which is an improvement from the 2016 level of 3.9 percent. Since 2011, with the start of commercial oil production, the mining industry, construction, and the services sectors have expanded, whereas the manufacturing sector has stagnated. Ghana's growth model has become increasingly dependent on natural resources. To overcome poverty and increase shared prosperity, Ghana will need to create better job opportunities in non-agricultural/non-natural resource sectors and increase agricultural incomes.

2. **Ghana has, by and large, been at the forefront of poverty reduction in Africa since the 1990s.** Significant poverty reduction and shared prosperity was realized over the last three decades. The country achieved the goal of reducing the poverty rate by half in line with the first Millennium Development Goal target, without increasing income inequality. Spatial inequality amongst the ten regions of Ghana, is of concern as the number of poor have increased in three out of the ten regions of the country.¹

3. **Ghana's vision is one of transformation to an industrialized high-income country.** This is enshrined in the Coordinated Program of Economic and Social Development Policies (2017-2024). The main objectives of this Plan are (i) creating opportunities for all Ghanaians, (ii) safeguarding the natural environment and ensuring a resilient built environment, (iii) maintaining a stable, united and safe country, and (iv) building a prosperous nation, which will be achieved through creative exploitation of human and natural resources, good governance, and open and fair society.² The Government aspires to enable a transformative shift in development focus *from* rural-based agricultural productivity *to* urban-based industrialization. This is planned through increasing infrastructure expenditure as a proportion of GDP to eliminate critical bottlenecks in the areas of roads, rail, aviation, water, sanitation and energy, and distribute infrastructure fairly and comprehensively across the country.

B. Sectoral (or multi-sectoral) and Institutional Context

4. **Complementing growth, urbanization has been an important factor in Ghana's poverty reduction efforts.** It took Ghana 15 years (1995 - 2010) to transition from 40 percent urbanization to 51 percent, more slowly at all levels of urbanization than the global average. Between 1984-2013, the urban population grew at 4.4 percent per year, and urbanization went up from 31 percent to 51 percent. Urban population more than tripled from under 4 million to 14 million people. Total poverty incidence dropped below 25 percent in 2013 and below 11 percent in urban areas.

5. **While all regions of the country experienced steady urbanization, smaller cities are growing faster.** In 2000, there were a few limited metropolitan areas and many small towns. Since then, all city types have dramatically increased in number, and Ghana's smaller cities have experienced faster urban

¹ Volta, Northern and Upper West regions.

² For details, see "The Coordinated Programme of Economic and Social Development Policies 2017-2024", 2017



population growth than its larger ones. The number of medium cities (20,000-50,000 people) and large medium cities (50,000-100,000 people) has quadrupled and tripled respectively. In 2000 there were only nine towns with population between 50,000 and 100,000; by 2010 there were 36 such towns. Accra has grown considerably, but its primacy has diminished from 24.4 percent of the country's population in 1984 to 16.6 percent in 2010. Kumasi is expected to be home to 4.2 million people by 2030, at which time, Accra is expected to have 3.26 million people.

6. **Across all city sizes, however, the proportion of residents with access to basic services and infrastructure is declining, and the proportion is worse in smaller cities.** Unplanned low-density spatial expansion has negatively impacted intracity inequality in basic service provision. Networked infrastructure services have been unable to keep up with demand. Only 38.6 percent of households use pipe-borne water as a main source of drinking water.³ Between 2000 and 2010, there was an increase in the proportion of households without any toilet facility in all city size groups. The worse decline occurred in smaller urban centers. Solid waste disposal and sewerage remains a challenge across all urban areas, with most liquid waste simply disposed outside in smaller urban centers.

7. **Cities are exposed to climate variability, climate change, and climate-induced events which exacerbate challenges in service delivery.** Ghana has experienced severe droughts and floods in the last three decades, some of which have had severe economic and social implications.⁴ The climate variability and climate change projections in Ghana indicate temperature increase, changes in rainfall distribution and occurrence of extreme rainfall events which are likely to increase flood and drought risks and negatively impact on development in Program cities. Cities' vulnerability to flooding is closely linked to lack of basic services. For example, unexpected intense precipitation leads to flooding, coupled with inappropriate drainage network and clogged drains due to piles of waste. Combined with underlying challenges such as poor urban and land-use planning, inadequate oversight of urban planning, land-use and building standards, and inadequate emergency preparedness and response capacities, cities have challenges in strengthening urban resilience and disaster risk management.

8. **In recognition of the importance of urbanization in Ghana's sustainable and resilient development, the Government promulgated the National Urban Policy in 2012.** The Policy highlights: (i) the rapid nature of the process of urbanization, and (ii) the limited preparedness of both local and central governments to meet or address the emerging challenges of the process in terms of adequate and stable staffing, financing, budget execution, enforcement of development control and accountability. It also emphasizes efficient urban infrastructure and service delivery, promotes climate change adaptation and mitigation, and promotes a spatially integrated hierarchy of urban centers on a sustained basis. It points out that failure to respond to these challenges in a timely manner have resulted into (a) weak urban economy, (b) land use disorder and uncontrolled urban sprawl; (c) increasing environmental deterioration; (d) inadequate urban infrastructure and services; (e) increasing urban insecurity; (f) urban poverty, slums and squatter settlements; (g) weak urban governance and institutional coordination; (h) inadequate urban investment and financing; (i) weak urban transportation planning and traffic management, and (j) delimitation of urban areas of jurisdiction, and lack of integrated planning across

³ Ghana Living Standards Survey Round 6 (GLSS 6), Ghana Statistical Service, 2014

⁴ The 1983 drought was the most severe disaster in Ghana's recent history, affecting 12.5 million people. The floods of 1991, 1995, 1999, 2001, 2007, and 2009 each affected more than 100,000 people. Recent flood in 2015 affected 52,622 people and also caused leakage at a filling station, resulting in an explosion that left 150 casualties. Damages to housing, transport, water and sanitation totaled US\$55 million, while the rebuilding costs were estimated at US\$105 million.



jurisdictional boundaries.

9. **Ghana's decentralization system provides support to local governments to meet urbanization challenges and fulfill their mandates.** Decentralization is enshrined in Ghana's Constitution.⁵ The system and functions of local governments are regulated by the Local Governance Act, 2016 (Act 936). This Act specifies a single tier system of sub-national government, made up of three types of Assemblies categorized by population size: Metropolitan, Municipal and District Assemblies.⁶ There is therefore a total of 254 sub-national governments - 6 Metropolitan Assemblies or Metros, 104 Municipal Assemblies or MAs, and 144 District Assemblies or DAs. All of them have more or less the same mandate for administration and development planning.

10. **The passage of the Local Governance Law marked the beginning of the Government's comprehensive local government and decentralization program which has strengthened over time.** Other legislations were rolled out to deepen the range, scope and process of decentralization and local governance. The Government passed several additional political and administrative decentralization laws, which were harmonized into the Local Governance Act, 2016 (Act 936)⁷. In 2010, a new Decentralization Policy Framework was developed, and Action Plans were adopted. This Framework clarified the mandates and responsibilities for national, regional, and local levels of government⁸, with all local governments still having more or less the same mandates.

11. **Financing to local governments accrues through the Government's intergovernmental fiscal framework, which is widely recognized as being coherent and consistent with fiscal decentralization principles.** Today, the Government has a better understanding of how to tackle urban development challenges. Going forward, a second generation of rules that integrate incentives for urban management capacity, and finance for urban services are to be developed. Needless to say, these rules are expected to be fully consistent with the existing financing framework.

C. Relationship to the CAS/CPF and Rationale for Use of Instrument

12. **The current World Bank Group Country Partnership Framework (CPF) (2013 – 2016) (76369-GH) has elapsed and a new one is under preparation.** The proposed operation will build on the focus of the this former CPF of which the focus was on three pillars: infrastructure, human development and competitiveness. The new CPF will be based on the recently completed Strategic Country Diagnostic (SCD)⁹, and this operation will be aligned with the CPF. This operation will focus on enhancing urban

⁵ Article 241/3 and Article 240/2. Article 35/5d requires the state 'to take appropriate measures to ensure decentralization in administrative and financial machinery of government and to give opportunities to people to participate in decision-making at every level in national life and government'.

⁶ Metropolitan Assemblies have a minimum population of 250,000 people, Municipal Assemblies 95,000 people, and District Assemblies 75,000 people.

⁷ It synchronizes critical components of the provisions of Article 240 in the 1992 Republican Constitution namely fiscal decentralization (Acts 455, 936 and 921), political decentralization (Act 462), Decentralized Planning (Act 480); Administrative Decentralization (Act 656); Local Government Instrument, 2009 (Legislative Instrument 1961)

⁸ National level - responsible for policy making, planning evaluation and monitoring; Regional level - responsible for coordination and harmonization of the plans and programs of local government entities; and Local level - as the legislative, administrative, development planning, budgeting, rating and service delivery authorities

⁹ The SCD will be informed by the following: (i) Ghana Urbanization Review (2015); (ii) Urban Development and Infrastructure (Municipal) Financing (2016); (iii) Metropolitan Management at Greater Accra (2016), (iv) Enhancing Urban Resilience in Accra (2017)



institutions for good management and improved access to basic urban services to the urban poor.

13. **The rationale for using the PforR instrument as the financing modality for the proposed Program is strong and compelling**, as follows:

- **Firstly, the proposed Program will be financing grants to urban local governments within the context of a national fiscal framework.** The Capacity Support Grants (CSGs) and Urban Development Grants (UDGs), earmarked for urban institutional and infrastructure development, will be part of the overall system of inter-governmental fiscal transfers in Ghana, complementary to core allocations from the District Assemblies Common Fund (DACF). Rather than funding CSGs and UDGs as stand-alone grants (as would be the case under investment project financing (IPF) modalities), it makes far more sense – from the outset – to integrate them as far as possible into the existing architecture of local government grants. This strengthens existing systems and procedures, keeps Program-specific transaction costs (for both national and sub-national stakeholders) to a minimum, and is institutionally sustainable. Hence, the preferred use of the PforR instrument, which uses country systems and embeds Program finance in existing government fund flows.
- **Secondly, the Program is premised on results-based institutional performance at all levels (local, regional and national).** Delivering the Program Development Objective (PDO) depends on all stakeholders meeting benchmarks and achieving results together and on a timely basis. Incentives for all levels of government to deliver on their mandates are integral to the Program's design, and Disbursement Linked Indicators (DLIs) will provide incentives for all three levels of government concurrently to improve urban management and basic service delivery. The World Bank funded Local Government Capacity Support Project (LGCSP) and other Development Partners (DPs) investment have established a strong foundation for PforR modalities, by entrenching a culture of performance-based access to development funds and strengthening the country's intergovernmental fiscal transfer system.
- **Thirdly, by using the PforR instrument, the proposed operation will improve and integrate systems across three tiers of government, including public financial management, social and environmental management, and procurement.** The Program explicitly aims to strengthen existing country systems – both through using them and in identifying areas where they need to be upgraded or made more robust. For example, Program-financed grants for Municipal Assemblies (MAs) will be made based on performance – measured partly through Ghana's well-established annual Functional and Organizational Assessment Tool (FOAT) assessments, which measure the performance of all MMDAs against a range of core institutional indicators - Minimum Conditions (MCs) and Performance Measures (PMs). The Program not only includes the upgrading of FOAT (now renamed District Assembly Performance Assessment Tool - DPAT) processes, but also anchors its grant facility in them. As a PforR, the proposed operation is suitably equipped to leverage such improvements across country systems.
- **Fourthly, the proposed Program builds on the World Bank's cumulative experience of financing and strengthening local government and urban development through the use of PforR instruments.** World Bank financed urban operations in several other countries (Tanzania, Uganda, Kenya, Ethiopia, Tunisia) have adopted PforR modalities with considerable success – as measured



in terms of results, as well as disbursements. The use of the PforR instrument allows such operations to focus on and strengthen institutional performance, rather than on input control and management. The proposed Program design incorporated some key lessons from experiences: the importance of using the institutional set-up of the government program, ownership of the results framework, and transparency and accountability, such as having credible verification processes.

II. PROGRAM DESCRIPTION

A. Government program

14. **The National Decentralization Policy Framework (NDPF) - and its associated National Decentralization Action Plan (NDAP) - is the over-arching programmatic framework within which the proposed PforR is situated.** The NDPF and its action plan provide an operational structure within which a range of government initiatives and actions are coordinated and directed towards an over-arching policy goal.¹⁰

15. **The NDPF/NDAP is being complemented by the National Urban Policy Framework (NUPF).** The policy objective of the NUPF is to promote (i) urban economic development, (ii) urban planning, (iii) urban infrastructure and service delivery, (iv) urban governance and (v) urban finance. The proposed operation is a modest component of the Government's overall and much wider programmatic framework for both decentralization and urban development where the three decentralization areas (fiscal decentralization, administrative decentralization and decentralized planning) intersects with the five NUPF objectives above.

16. **The government program has evolved over the years.** Since 2008, all MMDAs have been financed through a performance-based grants system known as the District Development Facility (DDF). This facility was jointly financed by the Government of Ghana and its development partners. DDF grants have been allocated to Metros, Municipalities and Districts Assemblies (MMDAs) as a function of their compliance with a set of Minimum Conditions (MCs) and their scoring with respect to a larger set of Performance Measures (PMs).¹¹ MCs and PMs have been assessed using the FOAT. Although the DDF properly speaking has now been wound up, its principles are currently being incorporated into a successor government program, the Responsiveness Factor Grant (RFG), to be financed (from 2018 onwards) by the DACF and those development partners committed to Ghana's decentralization Sector Wide Approach (SWAp). As with its DDF predecessor, the new RFG system will allocate grants to all MMDAs: (a) provided that they satisfy Minimum Conditions; and (b) as a function of their score against Performance Measures. Under the government program (the RFG system), the FOAT is upgraded to the District Assembly Performance Assessment Tool (DPAT) which will be used to assess MMDAs against MCs and PMs. The MCs and PMs covered by DPAT covers generic MMDAs performance areas, namely (i) functional capacity of assemblies, (ii) planning and budgeting, (iii) financial management and accounting, (iv) public procurement, and (v) plan implementation. The government program covers all MMDAs, has a low per capita allocation of only

¹⁰ The purpose of the NDPF is "to provide a clear sense of the core decentralization priorities to all stakeholders in the sector" (NDPF: vi), while the NDAP "outlines the range of activities necessary to translate the National Decentralization Policy into feasible programs and projects for the overall achievement of the policy's goals" (NDAP: iii).

¹¹ The operational principles underlying the DDF in Ghana are based on international good practice for performance-based grants. The DDF is very similar to other such grant funding pools in many countries, including Ethiopia, Uganda, Tanzania, Kenya, Nepal, West Bengal (India), Tunisia, and Mali.



about US\$2 with a wide investment menu covering the whole spectrum of service delivery mandates devolved to MMDAs. The Government program is therefore not suited to address the service delivery challenges of secondary cities, which are lumpy in nature.

B. PforR Program Scope

17. **The Ghana Secondary Cities Support Program (GSCSP) will be implemented over a period of five years (2019-2023) and will be financed through an IDA credit of US\$100 million.** The Program will constitute a slice of the Government's broader decentralization support program (the RFG and its associated DPAT), specifically focusing on MAs that manage urban development in secondary cities. GSCSP will provide incentives for MAs to improve their performance as city managers and for regional and national institutions to provide MAs with the support needed for effective urban management and service delivery.

18. **The Program will have three windows, namely (i) local window, (ii) regional window, and (iii) national window.**

- **Local window - US\$ 90 million,** through which participating MAs will receive Urban Development Grants (UDGs – US\$87 million) and Capacity Support Grants (CSGs – US\$3 million). While UDGs will allow MAs to make investments in urban infrastructure and service delivery, CSGs will enable them to invest in institutional and capacity development initiatives aimed at enhancing their urban management performance. UDGs and CSGs will be supplementary to the Government grants under the RFG grants allocated to participating MAs.
- **Regional window - US\$ 3 million,** through which the ten RCCs will be provided with funds to backstop, mentor and monitor MMDAs within their respective regional jurisdictions and ensure that the MMDAs annual DPAT assessments results are up to national average scores.
- **National window - US\$ 7 million,** through which a range of national-level institutions and agencies will access funding in order to strengthen their policy, support and monitoring functions with respect to urban management and development, as well as funding to manage annual performance assessments (APA) of participating MAs.

19. **The Government program (RFG/DPAT system) will be integral to the Program's local window.** Access to the Program's UDGs will be conditional upon MAs complying with RFG/DPAT Minimum Conditions and obtaining a Performance Measure score that is equal to or above the national average. By satisfying DPAT MCs and scoring relatively well in terms of PMs, MAs will demonstrate basic management capacity and satisfy some key fiduciary and other requirements. Gender and climate change and disaster risk management aspects are included in PMs, mainstreaming the aspects into MA's annual action plan and interventions.¹² Most importantly, compliance with RFG/DPAT MCs will indicate that MA financial

¹² Three scores in gender mainstreaming section of DPAT incentivize MMDAs to have specific gender mainstreaming programs in their annual action plan and conduct gender-disaggregated data monitoring. Seven scores in climate change and environment section of DPAT incentivize MMDAs to have climate change and disaster prevention related programs, conduct climate change data analysis, promote climate change/disaster risk reduction raising awareness program for citizens, and conduct environmental and social impact assessments.



management is satisfactory.¹³ The need to obtain at least the national average RFG/DPAT scores will indicate that qualifying MAs are among the better managed local governments in Ghana.¹⁴

20. **The Program boundary of the eligible MAs under the Program has been determined based on a two-stage approach.** The first stage is to agree on a set of criteria which must be met by an MA before it becomes eligible to benefit from the Program, and second to screen all the MAs using the same criteria and identify those that meet all the said criteria. The selection of Program MAs was therefore based on the following criteria which were considered to be robust enough to ensure the urban focus on secondary cities and the achievements of the PDO:

- MAs with total population of 100,000 - 250,000 people – Secondary cities and focus of this operation
- MAs with at least 60 percent urban population – since the Program is urban focus and MAs which have surpassed the national urbanization threshold of 55 percent (2016).
- Must not be within Greater Accra Region or a Metropolitan¹⁵ – Metros are primary cities and not the focus of this operation and Greater Accra Region has a number of projects on-going or pipelined¹⁶.
- At least one MA from each Region, either a regional capital or a large MA.¹⁷

21. **Using the above criteria to define the Program boundary, 25 MAs¹⁸ have met the requirements to participate under the Program.** In order to become fully eligible, the Chief Executives of selected MAs will need to sign a participation agreement with MLGRD. Each agreement will be countersigned by OHLGS and RCCs. The MoU will formally commit the MA to the use of agreed GSCSP procedures (as defined in the Program Operational Manual). More MAs will be eligible to join the Program when additional funding becomes available to warrant the scale-up of the Program. If all the 25 eligible MAs qualify they will receive a total UDG of US\$43.7 million per year at US\$15 per urban population per capita. The US\$87 million UDG funds can be exhausted within two and half years if all the eligible MAs meet all the performance targets for each of the Program years.

The Local Window

22. **Eligible MAs will be able to access CSGs and UDGs on the basis of their compliance with Minimum Conditions (MCs) and the extent to which they meet Performance Measures (urban performance benchmarks).** MC compliance and performance on the part of eligible MAs will be assessed on an annual basis, through annual performance assessments, which will be undertaken by independent

¹³ A key RFG/DPAT Minimum Condition is that the Auditor General's annual report does not: (a) express an adverse opinion about MMDA financial statements; and (b) indicate major financial irregularities.

¹⁴ During the course of preparing GSCSP, the World Bank team has provided input to the design of the RFG/DPAT performance assessment indicators.

¹⁵ Ghana has six Metropolitan Assemblies and Metropolitan Assemblies have a minimum population of 250,000 people.

¹⁶ US\$150 million World Bank funded GAMA Sanitation and Water Project (P119063); US\$200 million World Bank and GCF funded Greater Accra Clean, Resilient and Inclusive Development Project (P164330); and UAC 80million (estimated US\$115 million) AfDB funded Greater Accra Sustainable Sanitation and Livelihoods Improvement Project.

¹⁷ The criterion takes into account the regional balance and the possibility of the creation of six new Regions.

¹⁸ Suame; Old Tafo; Asokwa; Obuasi; (**Ashanti Region**); Berekum; Sunyani; Techiman (**Brong Ahafo Region**); Awutu Senya East; Agona West; Mfantseman; Dormaa (**Central Region**); Lower Manya Krobo; New Juaben South; Birim Central; East Akim (Abuakwa South) (**Eastern Region**); Sagnerigu; East Mamprusi; East Gonja; (**Northern Region**); Bawku; Bolgatanga (**Upper East Region**); Wa (**Upper West Region**); Ho; Hohoe (**Volta Region**) and Effia-Kwesimintsim; Sefwi Wiawso (**Western Region**).



verification agencies (IVAs) (private consultancy firms), procured and supervised by MLGRD.¹⁹ The Proposed investment under CSGs and UDGs will build the climate resilience and disaster management capacity of the Program MAs to cope with climate change induced events (e.g. extreme precipitation) and natural disasters (e.g. flooding and fire).

Capacity Support Grant (CSG)

23. **Subject to compliance with Minimum Conditions (MCs), each eligible MA will have access to an annual CSG, set at a flat rate of US\$50,000 per MA and made available for three years.** In total, each participating MA would be able to benefit from a total of US\$150,000 in the form of CSGs. In order to qualify for their CSGs, eligible MAs will need to comply with the MCs indicated in the table below. Compliance with these MCs will signal that the MA in question intends to engage actively in the development of its urban areas, has drawn up an action plan for this purpose, and has demonstrated progress in implementing its action plan.

Table 1: CSGs – Minimum Conditions

Minimum Condition	Indicator
CSG MC1: MA has drawn up (and reviewed implementation of) an Urban Development Action Plan (UDAP)	UDAP is drafted by MA on basis of GSCSP template and reviewed UDAP implementation on an annual basis
CSG MC2: <u>From Year 2 onwards:</u> MA use of previous year's CSG has been as per approved UDAP and consistent with guidelines in GSCSP Program Operations Manual	Annual MA expenditure statement shows that MA has followed approved annual UDAP work plan and CSG expenditure guidelines. Any expenditure on non-eligible items will mean failure to comply with this CSG Minimum Condition.

24. **Urban Development Action Plans (UDAP) - In order to access their CSGs, eligible MAs will need to draw up an UDAP, consistent with Medium Term Development Plan (MTDP).**²⁰ The text box below provides a brief outline of the UDAP framework. The Program Operational Manual will provide MAs with a comprehensive UDAP explanatory note and simple template.

UDAP outline
<p>Municipal Assemblies will be expected to draft a short UDAP, which will include the following elements:</p> <ul style="list-style-type: none"> A. Diagnostic <ul style="list-style-type: none"> - Description of the urban area(s) in the MA's jurisdiction, providing basic information on population, urban morphology, socio-economic characteristics, and climate change impact and disaster risks - Adaptation of the National Urban Policy Framework (NUPF) to MA specificities - Analysis of the urban development challenges in the urban area(s) - Inventory of existing urban management instruments (spatial plans, development control mechanisms, municipal service delivery, etc.) B. Actions <ul style="list-style-type: none"> - Three-year prioritized MA action plan aimed at addressing sustainable and resilient urban development challenges - Annual work plan and budget

¹⁹ The GSCSP annual performance assessments will be an adjunct to the nation-wide DPAT assessments, organized and supervised by MLGRD.

²⁰ UDAP detailed guideline and format are included in the POM.



25. **Program CSG expenditure menu - MAs that qualify for CSGs will use their grants to finance a wide range of capacity development initiatives related to urban management.** In particular, CSGs will be used by MAs to finance activities that enable them to meet the Program's urban Performance Benchmarks – and thus qualify for larger UDGs. However, certain categories of expenditure will not be permitted under the CSG. The CSG will be released at one tranche to qualifying MAs at the beginning of the financial year. A maximum of 20 percent of CSG annual allocations can be used to finance the purchase of IT equipment by MAs. The table below provides an indicative listing of positive and negative expenditures for CSGs.

Table 2: CSG eligible and non-eligible expenditure menu

A. ELIGIBLE EXPENDITURES		
No	Functional area	Indicative expenditures
1	Urban planning & services	Spatial planning activities GIS mapping instruments Service delivery monitoring Investment planning improvements
2	Urban economic development and competitiveness	Workshops and consultative meetings between MA and private sector Mapping of economic activities and private sector actors Surveys of local business environment
3	Sustainable urban systems – revenues	Development of revenue databases Development of modernized billing systems Street and property addressing Property valuation updates User fee analyses
4	Sustainable urban systems – maintenance	Asset mapping and inventories Maintenance costing analyses
5	Urban resilience and climate change/disaster risk management	Climate change impact assessment Disaster risk assessment Risk map Emergency response plan
6	Other	Training in the above areas
B. NON-ELIGIBLE EXPENDITURES		
a	Means of transport (vehicles, motorcycles)	
b	International travel and associated costs	
c	Long term training costs (for example, university degree programs)	
d	Recurrent costs (for example, salaries, utilities, and the like)	

Urban Development Grants (UDGs)

26. **Allocations - The size of each MA's UDG allocation will be set at a maximum annual rate of US\$15 per urban population per capita.** However, actual annual UDG disbursements to MAs will depend on the MA's compliance with a number of Minimum Conditions (scoring up to the DPAT annual national average score) and will vary according to the MA's annual urban benchmark performance score. Maximum annual UDG for MAs will be based on the urban population of each MA and allocated on the basis of US\$15 per urban capita.



27. The table below provides these UDG indicative planning figures (IPFs) with the maximum UDG IPFs that a given MA will access in a financial year. To access their maximum UDG allocations, MAs will need to: (a) comply fully with all UDG Minimum Conditions; and (b) fully achieve all UDG Performance Benchmarks. If all eligible MAs were to qualify (by complying with Minimum Conditions) and all qualifying MAs were to score 100 percent in terms of their Performance Benchmarks, then the total annual UDG disbursement by the Program would be approximately US\$43.7 million.

Table 3: Maximum annual UDG allocations to participating MAs (US\$)

No	Region	Municipal Assembly (MA)	Population projection (2018)	Urban Population	Annual UDG IPFs (Maximum)
1	Ashanti	Suame	191,649	191,649	2,874,735
2	Ashanti	Old Tafo	173,607	173,607	2,604,105
3	Ashanti	Asokwa	166,637	166,637	2,499,555
4	Western	Effia-Kwesimintsim	232,617	225,638	3,384,577
5	Central	Awutu Senya East	127,689	120,028	1,800,415
6	Eastern	New Juaben South	222,459	206,887	3,103,303
7	Ashanti	Obuasi	198,904	169,068	2,536,026
8	Eastern	Lower Manya	108,049	90,761	1,361,417
9	Brong Ahafo	Sunyani	147,982	122,825	1,842,376
10	Central	Agona West	134,245	103,369	1,550,530
11	Eastern	Birim Central	174,807	118,869	1,783,031
12	Brong Ahafo	Berekum East	156,349	103,190	1,547,855
13	Upper West	Wa	126,609	83,562	1,253,429
14	Central	Mfantsiman	158,033	102,721	1,540,822
15	Brong Ahafo	Techiman	178,691	114,362	1,715,434
16	Upper East	Bawku	116,912	74,824	1,122,355
17	Northern	Sagnerigu	175,321	110,452	1,656,783
18	Volta	Ho	213,960	132,655	1,989,828
19	Eastern	East Akim (Abuakwa South)	203,403	122,042	1,830,627
20	Volta	Hohoe	201,190	106,631	1,599,461
21	Upper East	Bolgatanga	156,678	78,339	1,175,085
22	Brong Ahafo	Dormaa	136,812	53,357	800,350
23	Western	Sefwi Wiawso	178,387	64,219	963,290
24	Nothern	East Mamprusi	146,569	46,902	703,531
25	Nothern	East Gonja	164,513	31,257	468,862
Total	9	25	4,192,072	2,913,852	43,707,783

UDG Minimum Conditions (MCs)

28. In order to qualify for UDG, eligible MAs will need to comply with UDG MCs, which set basic benchmarks for qualification. There are two MCs that need to be complied with, as shown in the table below. Eligible MAs will need to comply with all MCs in order to qualify for their annual UDGs. MAs that meet the MCs will get US\$3 per urban population per capita (20 percent of their annual UDG IPF of US\$ 15).



Table 4: UDGs – Minimum Conditions

Minimum Condition	Indicators
UDG MC1: MA qualifies for DACF Responsiveness Factor Grant (RFG) by scoring at least the national average DPAT score	<ul style="list-style-type: none"> MA compliance with all RFG Minimum Conditions MA performance score, measured through the Annual DPAT assessment of all MMDAs, is equal to or greater than the average performance score of all MMDAs
UDG MC2: <u>From Year 2 onwards:</u> MA use of previous year's UDG has been consistent with guidelines in GSCSP Operations Manual	<ul style="list-style-type: none"> Annual MA expenditure report/statement shows that MA has followed UDG expenditure guidelines. Any expenditure on non-eligible items will mean failure to comply with this UDG Minimum Condition.

29. **The Government program, using the DPAT process - will assess (and incentivize) the general (institutional) performance of MAs (and all other local governments in Ghana).** Given the relatively comprehensive nature of the RFG/DPAT process, generic aspects of local government performance (such as financial management, human resource management, general planning, disclosure and transparency, participation, gender mainstreaming, climate change and disaster risk management, etc.) will not be assessed (in any more detail) through GSCSP. However, results from the DPAT annual assessments will be factored into GSCSP through the Program's Minimum Conditions (see above), such that only those MAs which satisfy DPAT MCs and obtain a DPAT performance score up to or greater than the national average will qualify for UDG allocations.

30. **Performance Benchmarks (PBs) – MAs that meet the MC will qualify to receive additional UDGs based on their performance, as measured against a specific set of urban management performance benchmarks (PBs).** The remaining US\$12 per urban population per capita (80 percent) of the UDG IPF will be accessed based on the urban PBs scores obtained by each MAs in the four thematic areas, with a total score of 100. The summary is presented in the table below, and detailed and transparent scoring system is described in Annex 2, Attachment 2.

Table 5: Summary of Performance Benchmarks

Performance Benchmarks Area	Performance Benchmarks	% Score (for performance area as a whole)
Urban planning and services	<ul style="list-style-type: none"> Availability, use and application of spatial planning instruments Street naming and addressing Monitoring of solid waste and solid waste management Monitoring of municipal services 	25.0
Urban economic development and competitiveness	<ul style="list-style-type: none"> Regular and formal interaction between MA and local firms MA business support strategy and action plans 	12.5
Sustainable urban systems	<ul style="list-style-type: none"> Quality of revenue administration Drainage maintenance Street light maintenance Maintenance of pedestrian access networks 	37.5



Urban infrastructure delivery (from year 2 onwards)	<ul style="list-style-type: none"> • Use of previous UDGs (spending/budget) • Efficiency of infrastructure projects • Effectiveness of infrastructure projects 	25.0
Total score		100.0

31. **UDG Performance Benchmarks are best conceptualized as providing Municipal Assemblies with a set of “waypoints” on an urban management roadmap.** Achieving PBs implies that MAs are becoming more active and more effective as urban managers and engaging with issues such as long term spatial planning, the provision of municipal services, facilitation of local economic development (and job creation), maintaining municipal assets and ensuring financial sustainability. In addition, a sub-set of PBs provides MAs with some benchmarks with respect to the delivery of urban infrastructure.

32. **In principle, MAs can access up to US\$15 per urban capita as UDGs.** However, the actual amount allocated in any given year will depend on MA performance, as measured by their achievement of PBs. The more PBs that an MA achieves, the greater will be its annual UDG allocation. UDGs thus act as tangible fiscal incentives for MAs to improve their urban management performance.

33. **The PBs assessments are explicitly designed to incentivize MAs to engage more actively with urban development issues and to improve the quality of the urban public goods and services that they provide.** The maximum Performance Benchmark score for any MA is 100 percent. UDGs will thus be allocated on a pro rata basis²¹: an MA, for example, that scores 50 percent (out of a total 100 percent) in terms of Performance Benchmarks will access 50 percent of 80 percent its maximum UDG allocation on top of the 20 percent it would have earned by meeting the MCs. The details of the urban performance benchmarks and the scores are provided in the Technical Annex 2, Attachment 2.

UDG Investment menu

34. **An MA will be able to use its UDG to finance investments in five key areas of urban infrastructure and service delivery,** consistent with the provisions of the Local Governance Act, 2016 (Act 936). The eligible investment activities and negative lists under the Program are presented in the table below.

Table 6: UDG eligible and non-eligible investment/expenditure menu

A. ELIGIBLE INVESTMENTS & EXPENDITURES	
Urban functional area	Indicative investments
1. Waste management (liquid and solid)	Solid waste: collection equipment, Communal Refuse Containers, transfer stations, collection points (construction of sanitary landfill excluded) Liquid waste: sludge ponds, community septic tanks, vacuum trucks, vacuum handcarts, and others
2. Storm water drainage	Urban drainage systems, flood control systems
3. Connectivity	Urban roads, pedestrian walkways and bicycle paths, paved area,

²¹ Assume the MA total urban population is 100,000, the maximum UDG the MA is entitled to at US\$15 per capita is (100,000 x US\$15 = US\$1,500,000). However, because the MA only score 50%, its UDG allocation for the year will be the MC allocation (20% of maximum UDG) + 50% of the 80% of maximum UDG; which is (0.2 x US\$1,500,000) +(0.5 x (0.8 x US\$1, 500,000) = US\$300,000 + (0.5 x US\$1,200,000) = US\$900,000.



	roundabout, street and security lights ²² and road signs
4. Urban social and economic infrastructure	Urban market facilities, transport depots, basic infrastructure for industrial estates, bus terminals, urban parks and greenery ²³
5. Disaster management	Fire control stations, disaster management equipment (firefighting trucks, rehabilitation and/or construction of new firefighting station and facilities), flood-protection infrastructure (e.g. reinforcement of levees, physical or natural reinforcement)
General	
<p>(a) Proposed investments must be included in the annual MA Investment Plan</p> <p>(b) Investments can include both rehabilitation and construction of new infrastructure and capital investments.</p> <p>(c) To avoid the fragmentation of urban investments (and limit procurement efforts), investment projects are subject to a <u>minimum</u> investment of US\$0.5 million; or, if less than US\$0.5 million, the total UDG allocation to the MA in question.</p> <p>(d) At least 80 percent of the UDG shall be spent on <u>non</u>-moveable infrastructure assets.</p> <p>(e) In order to finance investment preparation and implementation costs, MAs shall be permitted to spend part of their UDG allocations on the design, costing and supervision of investment projects, and M&E.</p> <p>(f) Siting, design, construction and implementation of all physical infrastructure must consider risk map/disaster risk management plan/climate change impact assessment and integrate measures to make them resilient to climate change and disaster impact (as per the <i>Urban Resilience Guideline and Checklist</i> in POM).</p> <ul style="list-style-type: none"> - Siting and construction: Steps should be taken to screen location of physical infrastructure to minimize exposure to disasters (flood, drought, fire, soil erosion, etc.) - Design and implementation: e.g. sanitation and solid waste management facilities should consider waste segregation, treatment, and reduce contamination of water sources in the event of flooding or other disasters. 	
B. NON-ELIGIBLE INVESTMENTS & EXPENDITURES	
<p>a) Any investment projects that trigger World Bank Safeguards Category A.</p> <p>b) Any investments that should be financed out of non-public resources</p> <p>c) The following types of public investment:</p> <ul style="list-style-type: none"> a. Vehicles b. Public health facilities of any kind c. Agricultural/livestock/fisheries/forestry facilities or inputs d. Office buildings e. Police stations <p>d) Not more than 10 percent of the UDG is to be spent on moveable assets (for example, equipment).</p>	

35. MAs will not use their UDGs under the Program to finance a number of expenditure items, which are considered to be on the negative list. Because UDGs are urban conditional grants, MAs will not use the UDG to finance expenditures in sectors that are not specifically urban, even though such sectors may be an integral element of their functional mandate (as spelled out in the Local Governance Act, 2016 (Act 936). Thus, expenditures in health, agriculture, livestock, and natural resources are not eligible. In addition, UDGs will not be used to finance investment projects that trigger the World Bank's Safeguards Category A policies. To ensure robust monitoring of the eligible investment projects in MAs, RCCs and MLGRD will closely monitor the usage of the UDGs through field visits as well as quarterly report, and the World Bank will carry out implementation support mission for monitoring (for details see section II.B. para 69-75).

²² including solar street lights, where applicable

²³ including re-establishment of natural flood plains and vegetation, where applicable



The Regional Window

36. **The Regional window will provide funding to all the 10 RCCs.** Subject to compliance with MCs, each RCC will be able to access funds set at a flat rate of US\$60,000 per annum per RCC and made available for five years. In total, each RCC would be able to benefit from a total of US\$300,000 for the Program period. RCCs need to comply with the MCs indicated in the table below. MC compliance will be assessed on an annual basis, and will be undertaken by independent consultancy firms, procured and supervised by MLGRD.

Table 7: RCC annual grants – Minimum Conditions

Minimum Condition	Indicator
MC1: - Annual Capacity Support Plan (ACSP) with M&E and CB activities for MAs	RCC to prepare Annual Capacity Support Plan which includes monitoring and capacity building activities for MAs in its jurisdiction
MC2: - From Year 2 onwards: Regular report to MLGRD and OHLGS	<u>From Year 2 onwards:</u> - RCC to submit quarterly M&E report and annual progress report to OHLGS and MLGRD on a timely basis. Any expenditure on non-eligible items will mean failure to comply with this RCC annual grants Minimum Condition.

37. **RCCs will be able to use these grants to finance a wide range of capacity development initiatives and expenditure items.** In particular, the grant will be used to finance activities for monitoring and technical back-up support to MAs to improve their DPAT as well as performance benchmarks. However, certain categories of expenditure such as vehicles and salaries will not be permitted under the window. The eligible investment activities and negative lists of RCC funds are presented in the table below.

Table 8: Eligible and non-eligible expenditure for RCC grants

A. ELIGIBLE EXPENDITURES	
Functional area	Indicative expenditures
1. Monitoring & evaluation of MAs	<ul style="list-style-type: none"> Travel-related costs within the Region Communications costs within the Region
2. Backstopping and mentoring for MAs	<ul style="list-style-type: none"> On-the-job advisory services to assist MAs in preparing for annual DPAT assessments Workshops and consultative meetings between MAs and RCC Travel-related costs within the Region Communications costs within the Region
3. Technical support ²⁴ for MAs	<ul style="list-style-type: none"> Costs related to spatial planning Costs related to GIS support to MAs (including ICT equipment) Costs related to hiring of specialist consultants Travel-related costs within the Region Communications costs within the Region
4. Other	<ul style="list-style-type: none"> Training for MAs

²⁴ civil engineering and public works (including roads and drainage): technical design, supervision, quality assurance, etc.; maintenance: identification of maintenance needs, maintenance planning, etc.; spatial planning and development control; property valuations and cadastral activities; mapping; Procurement; solid waste management and sanitation; local economic development; urban resilience, climate change and disaster management



General
<ul style="list-style-type: none"> A maximum of 20 percent of RCC annual allocations can be used to finance the purchase of IT equipment
B. NON-ELIGIBLE EXPENDITURES
a) International travel and associated costs b) Long term training costs (for example, university degree programs) c) Recurrent administrative costs (for example, salaries, utilities, regular office supplies)

The National Window

38. **The proposed Program will provide support to MLGRD and to OHLGS to undertake a number of key activities related to MAs.** These activities will be financed through three DLIs (DLI 6-8).

39. **MLGRD will be the Program Executing Ministry, responsible for monitoring, evaluation and reporting.** It will therefore be responsible for coordinating other MDAs policies and technical support to Program MAs and for providing MAs and RCCs with national level backstopping and capacity development support. This will require that the MLGRD coordinates support from national level ministries and agencies, and establishes an annual workplan for the deployment of such support. Key national level MDAs from whom support will be required include: The Ministry of Finance, the Office of Head of Local Government Service (OHLGS), the Land Use & Spatial Planning Authority (LUSPA), the Environmental Protection Agency (EPA), and the Land Valuation Division (LVD) of Lands Commission.

40. **MLGRD will be responsible for ensuring that DPAT and UDG annual assessments are carried out and that UDGs and CSGs are released in a timely manner.** Both MMDA performance assessments are fundamental to GSCSP and will determine the level of funding that will be provided to participating MAs. MLGRD will procure the services of independent consulting firms (Independent Verification Agency – IVA) for both assessments, using GoG procurement procedures. MLGRD will request the MoF to release UDGs/CSGs on a timely manner.

41. **The Office of the Head of Local Government Services (OHLGS) will establish an Annual Capacity Building Plan (ACBP), and provide RCCs and MAs with training and capacity support services.** This will include basic training in general local government procedures, but will also cover more specialized and specific areas – such as improved revenue administration, computerization and the use of ICT, monitoring of municipal services, urban resilience, and local economic development.

42. **In addition, OHLGS will be responsible for ensuring that key staff are in place in MAs and RCCs.** The following table lists the key staff at each level that must be posted by OHLGS to RCCs and MAs (staffing minimum condition) to enable the OHLGS to qualify to receive funding under the Program.

Table 9: Key staffing positions in RCCs and MAs (OHLGS Minimum Condition)

#	Regional Coordinating Councils	Municipal Assemblies
1	Regional Planning Officer	Municipal Coordinating Director
2	Regional Finance Officer	Municipal Planning Officer
3	Regional Budget Officer	Municipal Finance Officer
4	Regional Internal Auditor	Municipal Budget Analyst
5	Regional Head, Public Works	Municipal Internal Audit Officer
6	Regional Head, Community Development	Municipal Works Engineer



7	Regional Head, Social Welfare	Municipal Physical Planning Officer
8		Municipal Procurement Officer
9		Environmental & Social Safeguards Focal Person ²⁵
10		Client Service Officer
11		Social Welfare and Community Development Officer

Expenditure Framework

43. **The Program will provide support to the Government's overall program of inter-governmental fiscal transfers (IGFTs) to MMDAs, as well as to the Government's technical and policy support for MMDAs.** Specifically, GSCSP will provide US\$90 million as CSGs and UDGs to participating Municipal Assemblies, and a further US\$10 million to RCCs, MLGRD and OHLGS to manage MA grants, provide capacity development support to MAs, and monitor MA activities. The allowed expenditures by Program MAs under the CSGs and the UDGs are presented in the eligible investment menus in page 9 table 2 (Section II.B.para 25) and page 12 table 6 (Section II.B.para 34) respectively. The CSG will be used for specific institutional strengthening activities while the UDG will be used for limited core urban infrastructure and service delivery.

44. **The Government's larger budget support for MMDAs is made up of the following:**

- (a) inter-governmental fiscal transfers, which consists principally of:
 - GoG allocations for devolved sectors (feeder roads, social welfare, Land Use and Spatial Planning, etc.), which include the payroll costs, goods and services and capital expenditures for the concerned sectors. These sector allocations are currently in each of the MMDAs annual budget, and classified under the Local Government Service (LGS)'s overall budget at the national level.
 - DACF allocations to MMDAs: the DACF's annual budget ceiling is set by Parliament.²⁶ Of the total DACF allocation, it is estimated that about 60 percent is directly transferred to MMDAs in the form of block grants; of this, approximately 12 percent is the Responsiveness Factor Grant (RFG)²⁷.
- (b) the overall MLGRD and OHLGS budgetary frameworks, which finance capacity development, monitoring and policy functions. Included in the LGS budgetary framework are the budgets for RCCs.

45. **The table below provides a summary of the Government's overall budget support to the LG sector, along with the GSCSP expenditure framework.**

²⁵ Since this is not an established post at MAs, the OHLGS will ensure that one staff is appointed and designated to be the focal person for environment and social safeguards at MA level.

²⁶ According to the Constitution, the DACF amounts to at least 5 percent of national revenues.

²⁷ In addition to DACF resources, a number of development partners (KfW, SECO and EU) have committed to provide additional funding for the RFG component.



Table 10: GoG and GSCSP expenditure framework

GRANTS AND SUPPORT FOR MMDAs (US\$)²⁸							
Exchange rate: US\$1 = 4.49 GHS (As at June 25, 2018)							
Budgets	2018	2019	2020	2021	2022 (est.)	2023 (est.)	Total
GoG LG Sector budget	150,932,235	162,373,460	176,281,415	276,343,367	191,482,619	191,482,619	1,148,895,715
Ministry of Local Government and Rural Development (excluding DP funding)	7,507,544	7,025,628	9,569,030	36,777,810	15,220,003	15,220,003	91,320,018
Local Government Service (incl. RCCs)	143,424,691	155,347,832	166,712,385	239,565,557	176,262,616	176,262,616	1,057,575,697
- of which GoG sector grant allocations to MMDAs	115,826,393	147,265,117	157,561,213	174,909,383	148,890,527	148,890,527	893,343,160
- of which OHLGS and RCCs budget to support MMDAs	27,598,298	8,082,715	9,151,172	64,656,174	27,372,089	27,372,089	164,232,537
Total IGFT to MMDAs	366,816,858	418,725,291	458,718,932	426,862,353	417,780,858	417,780,858	2,506,685,150
Sector grant to MMDAs ²⁹	115,826,393	147,265,117	157,561,213	174,909,383	148,890,527	148,890,527	893,343,160
Block grants to MMDAs (about 60% of the DACF)	250,990,465	271,460,174	301,157,719	251,952,969	268,890,332	268,890,332	1,613,341,991
District Assembly Common Fund³⁰	418,317,442	452,433,623	501,929,532	419,921,615	448,150,553	448,150,553	2,688,903,318
- of which block grants to MMDAs (about 60% of the DACF)	250,990,465	271,460,174	301,157,719	251,952,969	268,890,332	268,890,332	1,362,351,526
- of which RFG to MMDAs (12% of DACF Block Grant)	30,118,856	32,575,221	36,138,926	30,234,356	32,266,840	32,266,840	163,482,183
GSCSP support (PforR Program) to RFG	-	8,650,000	21,450,000	20,850,000	19,550,000	29,500,000	100,000,000
CSGs and UDGs to Program MAs	-	6,650,000	19,450,000	18,850,000	17,550,000	27,500,000	90,000,000
Central Government and RCC support to MAs	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
RFG total		41,225,221	57,588,926	51,084,356	51,816,840	61,766,840	261,334,199
GSCSP as % of RFG total		20.98%	37.25%	40.81%	37.73%	47.76%	38.27%
GSCSP as % of DACF block grants to MMDAs		3.19%	7.12%	8.28%	7.27%	10.97%	6.20%
GSCSP as % of total IGFT to MMDAs		2.07%	4.68%	4.88%	4.68%	7.06%	3.99%

²⁸ Source – Fiscal Decentralization Unit, Ministry of Finance

²⁹ GoG transfers for MMDAs for payroll and sector goods/services/capital are itemized by MMDA

³⁰ About 28% of the DACF is deducted and paid from center for common services to MMDAs or services they have requested the center to pay on their behalves.



Program Financing

46. The total Program funding, given in the table below, is US\$261 million of which IDA financing is US\$100 million (38.31 percent) and GoG parallel financing through the RFG is US\$161 million (61.69 percent) over the five years Program period. The RFG is part of the DACF, which is an element of the overall government IGFT in support of the NDPF. The Program funded through an IDA credit of US\$100 million will directly support the GoG RFG parallel financing of US\$161 million. The RFG is accessed by all MMDAs based on the DPAT annual assessment results, of which US\$100 million IDA funding will be focused on the Program MAs, 25 secondary cities.

Table 11: Program Financing (US\$ Million)

Source	Amount	% of Total
Parallel (Counterpart Funding)	161.00	61.69
Borrower	161.00	61.69
International Development Association (IDA)	100.00	38.31
IDA Credit	100.00	38.31
Total Program Financing	261.00	100.00

47. Three Development Partners³¹ have committed to financing the DDF after 2018 with the integration of the DDF as part of the RFG of the DACF. This agreement is contained in the “Sector Wide Approach (SWAp) to Decentralization report of 2016. The objective of the SWAp is to enable the GoG to realize the objective of the National Development Action Plan II through harmonization and alignment of support to Ghana’s systems. The African Development Bank has indicated willingness to co-fund the GSCSP, although the amount and availability of funds is yet to be confirmed.

C. Program Development Objectives (PDO) and key results

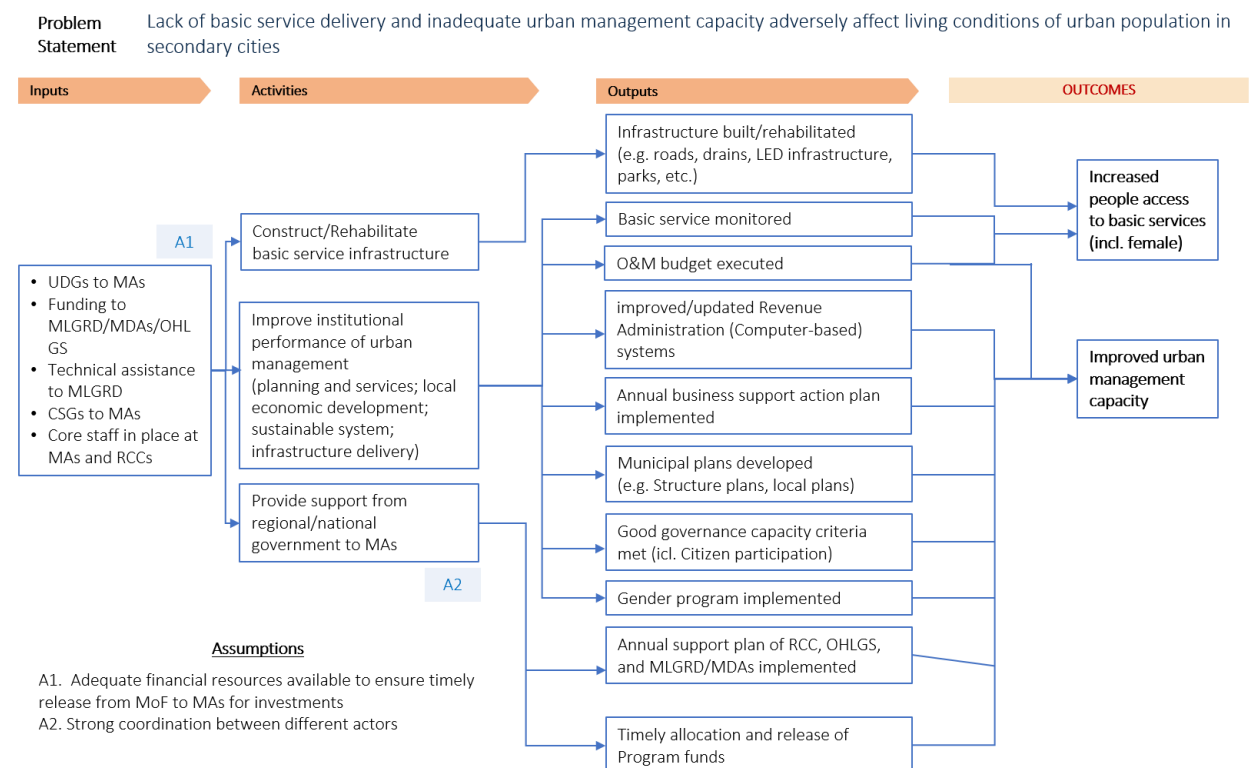
48. Program Development Objective (PDO) is to *“improve urban management and basic urban services in participating municipal assemblies”*.

49. The Program, will focus on two results areas: (i) improved institutional performance of urban management, and (ii) improved basic urban services in participating MAs. These results are linked to the Disbursement Link Indicators (DLIs) and Disbursement Linked Results (DLRs) to be achieved under the Program. The schematic diagram below illustrates the theory of change which shows how the PDO is achieved.

³¹ Germany (KfW), Switzerland (SECO) and the European Union (EU).



Figure 1: Theory of Change: Ghana Secondary Cities Support Program



50. The proposed key PDO indicators are:

- People provided with improved urban infrastructure/services under the GSCSP, of which female (to measure improved service delivery)
- Composite annual average urban performance benchmarks percentage score by Program MAs (to measure urban management).

51. There will be eight DLIs linked to the PDO: Four DLIs at the local level, focusing on incentivizing performances of MAs (DLIs 1 – 4); one DLI at the region, focusing on performance of the RCCs (DLI 5); and three DLIs at the national level of which 2 DLIs (DLI 6 and 7) are focusing on the performance of the MLGRD for DPAT assessment and Program management respectively; and one DLI (DLI 8) focusing at the performance of OHLGS which is responsible for recruitment, deployment, promotion and transfers of MAs staff. Detailed formula for the calculation of DLI results are included in Annex 2, Attachment 1. All the DLIs 1 – 8 contribute to achievements of PDO Indicators and are summarized here below:

DLIs for Local (MAs) level

- DLI 1 - measures the extent to which participating MAs have achieved CSG Minimum Conditions;
- DLI 2 – measures the extent to which participating MAs have scored equal to or above the national average DPAT Score;
- DLI 3 - measures the extent to which participating MAs have achieved Urban Performance Benchmarks targets;
- DLI 4 - measures the extent to which participating MAs have implemented the Annual Infrastructure Services Delivery Target.



DLIs for Regional (RCC) level

- DLI 5 – measures whether RCCs have adopted and implemented their Annual Capacity Support Plans (ACSP) for MAs.

DLIs for national (MLGRD and OHLGS) level

- DLI 6 – measures whether DPAT/APA Results published by October 1 of each FY;
- DLI 7 – measures timely allocation and release of Program Funds to MAs; and Implementation of MLGRD/MDAs Annual Workplan to support Participating MAs;
- DLI 8 – measures whether key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support Participating MAs and RCCs has been implemented.

52. **The following intermediate indicators will measure behavioral change at the local (MAs), Regional (RCCs) and national (MLGRD/MDAs) levels.** They contribute to the achievement of the PDO.

53. **At local (MAs), the intermediate indicators are:**

- Number of MAs with Municipal Structure Plans (15 years)
- Number of MAs with Municipal Local Plans covering at least 30 percent of the municipal area
- Number of MAs monitoring key municipal services
- Number of MAs that execute at least 80 percent of their O&M budget
- Number of MAs with improved and up to date revenue administration (computer based) systems³²
- Number of MAs that satisfy at least 80 percent of the defined governance capacity criteria³³
- Number of MAs that implement at least 80 percent of the planned gender programs as per the annual action plan
- Composite annual average urban infrastructure delivery benchmarks percentage scores by Program MAs as per the annual work plan targets (to measure urban service delivery)
- Km of Urban roads built or rehabilitated using UDG
- Number of municipal economic infrastructure built or rehabilitated using UDG
- Km of drains built or rehabilitated using UDG
- Hectares of public parks and greenery built or rehabilitated using UDG

54. **At the regional level (RCCs), the intermediate indicators are:**

- Percentage of RCCs Annual Capacity Support Plans for MAs implemented

55. **At the national (MLGRD/MDAs), the intermediate indicators are:**

- Percentage of MLGRD/MDAs approved Annual Workplan implemented
- Percentage of Annual Capacity Building Plan implemented by OHLGS
- Improved Intergovernmental Fiscal Transfer System (IGFTS) adopted with timely allocation and publication of UDGs to MAs

³² This should include improved/modernized (i) revenue data bases for each revenue head, (ii) billing system with clear timeline, (iii) collection system, (iv) enforcement, (v) revenue information, communication and education (ICE), (vi) arrears handling, and (vii) appeal.

³³ Governance capacity criteria covers MAs capacities (i) for Grievance Redress, (ii) of Client Service Units, and (iii) for information disclosure.



D. Disbursement Linked Indicators and Verification Protocols

56. All Program funding (US\$100 million) will be disbursed through a set of DLIs as summarized in the table below.

Table 12: GSCSP Disbursement-Linked Indicators

Program Window	DLI	Amount (US\$ millions)	Program Funds Recipient
Local	DLI 1: Extent to which Participating Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions	3.0	MAs
	DLI 2: Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score	32.8	MAs
	DLI 3: Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks Targets	41.7	MAs
	DLI 4: Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure Services Delivery Target	12.5	MAs
Regional	DLI 5: Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for MAs	3.0	RCCs
National	DLI 6: DPAT/APA Results Published by October 1 of each FY	2.5	MLGRD
	DLI 7: Timely Allocation and Release of Program Funds to Municipal Assemblies; and Implementation of MLGRD/MDAs Annual Workplan to support Participating MAs	2.5	MLGRD
	DLI 8: Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support Participating MAs and RCCs has been implemented	2.0	OHLGS
Total		100.0	

57. **DLIs for local window (MAs)** - Funds for GSCSP's local window will be disbursed to qualifying MAs to finance annual Capacity Support Grants (CSGs) and annual Urban Development Grants (UDGs). Qualifying MAs will use the CSG for institutional and capacity development and the UDG for infrastructure development. Both types of grant will be determined based on annual performance assessments (APAs). The four DLIs for the local window (MAs) are summarized below.

- **DLI 1 (US\$ 3 million for MA CSG):** triggers release of the CSG. MAs that qualify for the CSGs will be those that comply with the Minimum Conditions for CSGs. Compliance will signal MA engagement with the Program, commitment to an urban development agenda and (in subsequent years) CSG spending that is in accordance with the Program's eligible expenditure menu.
- **DLI 2 (US\$32.8 million for UDG):** triggers release of up to 20 percent of the UDG to MAs with adequate institutional performance (as per DPAT scores). The annual DPAT assessments will indicate which of the eligible MAs have scored at least up to the national average DPAT performance score. Those MAs will get US\$ 3 per their urban population per capita (20 percent of their maximum annual UDG allocations) since they would have demonstrated that they have the national average institutional capacity to manage relatively large sums of the UDG money.
- **DLI 3 (US\$41.7 million for UDG):** triggers the release of additional UDG to MAs based on their scores on urban PBs calculated on pro rata against annual PB scores targets at a maximum of US\$9



per their urban population per capita. Annual performance assessments will identify those MAs that comply with UDG Minimum Conditions and, thereafter, the extent to which they have achieved urban management PBs. Complying with UDG Minimum Conditions (under DLI 2) will incentivize MAs to obtain higher than average national DPAT performance scores, thus indicating that their implementation of core management and institutional functions is above par. The additional scores under the urban PBs by MAs is intended to improve their capabilities as urban managers.

- **DLI 4 (US\$12.5 million for UDG):** triggers release of further additional UDG of US\$ 3 per urban population per capita to MAs based on the actual delivery of urban infrastructure/services. The annual performance assessments for DLI 4 will start from year 2 onwards, and it will assess the quality of the infrastructure delivered by MAs and financed out of their UDG allocations. The assessment has been given a 12 months' time lag to allow MAs to procure and deliver the necessary infrastructure/services as per their annual work plan. UDG allocation under this DLI will be on pro rata score against annual targets. Higher scores in this area will signal better MA performance.

58. **DLI for the Regional window** – this DLI is intended to incentivize the RCCs to provide the necessary monitoring and technical support services to MAs as per their statutory mandates.

- **DLI 5 (US\$3.0 million to RCCs):** the annual performance assessments of RCCs will evaluate the extent to which RCCs, as per their annual capacity support plan, have: (a) provided MAs within their respective regions with capacity building support; and (b) provided adequate monitoring of and reporting on MAs.

59. **DLIs for National window** – there are three DLIs for National window. The DLIs are intended to provide incentives for national stakeholders to undertake key Program functions on a timely basis and to ensure that MAs receive the support they need to effectively perform their statutory obligations. The three DLIs are:

- **DLI 6 (US\$2.5 million for DPAT/APA):** this DLI triggers Program funds release to the MLGRD based on timely assessment of annual DPAT/APA, and publication of the results. The release of UDGs to MAs is contingent on the MLGRD undertaking the DPAT/APA on a timely basis and publishing the results by October 1 of each FY, well ahead of the following FY. This will ensure that the results and grant outcomes (in terms of MAs qualifications and grant allocations) are properly budgeted for at both national and sub-national levels. Meeting this DLI will be the responsibility of MLGRD.
- **DLI 7 (US\$2.5 million to MLGRD/MDAs):** this DLI triggers Program funds release to the MLGRD. The DLI is intended to incentivize MLGRD to: (a) ensure timely allocation and release of Program funds to MAs; and (b) provide coordinated national support to MAs by MLGRD/MDAs³⁴ for the achievement of the Program Development Objective.
- **DLI 8 (US\$2.0 million to OHLGS):** this DLI will trigger Program funds release to OHLGS. The DLI is intended to provide incentives to OHLGS to: (a) ensure that key and core RCC³⁵ and MA³⁶ staff are

³⁴ LUSPA; EPA; LVD; and other MDAs

³⁵ The key and core RCC staff are: Regional Planning Officer; Regional Finance Officer; Regional Budget Officer; Regional Internal Auditor; Regional Head, Public Works; Regional Head, Community Development; and Regional Head, Social Welfare.

³⁶ The key and core MA staff are: Municipal Coordinating Director; Municipal Planning Officer; Municipal Finance Officer; Municipal Budget Analyst; Municipal Internal Audit Officer; Municipal Works Engineer; Municipal Physical Planning Officer;



in position; and (b) provide MAs and RCCs with the capacity building support needed for them to perform their functions.

60. **Taken together**, the eight DLIs provide incentives for both national and sub-national stakeholders to collectively deliver the Program's development objective of improved urban management and urban service delivery.

61. **Verification protocols for the Disbursed Link Results (DLRs)**: an independent verification agent (IVA) – third party private firms - will be hired by MLGRD on a multi-year basis (at least two years consistent with audit practices) to verify results achieved under the Program. The World Bank will retain the right to make any final decisions as to whether a DLI has been achieved. For purposes of final verification, the World Bank will hire an independent quality assurance review (QAR) consultant who will review the IVA reports and the DLRs achievement. The details of the DLIs and the verification protocol is provided in Annex 2. The summary of the verification protocol steps for the DLIs is presented below.

- (i) An annual assessment will be commissioned by MLGRD and will be undertaken by a reputable independent third-party firm. MLGRD will ensure that the terms of reference for this firm are satisfactory to the World Bank. The annual performance assessment will (i) confirm MAs' meeting the requirements to access the CSG under the Program, (ii) measure the performance of each Program MA against the Program's minimum conditions (DPAT national average score), and urban performance benchmarks; (iii) measure the RCC implementation of its annual plan³⁷ to back-stop and build capacity of MAs and to support the Program objectives; (iv) assess the timeliness of the APA by MLGRD and timely release of resources to MAs, and measure the progress of implementation of the MLGRD/MDAs annual Program work plan; and (v) confirm that OHLGS has posted the key and core staff both at RCCs and MAs and measure the progress of implementation of OHLGS annual Program work plan to support RCCs and MAs. On the basis of the assessment findings, the firm will assign a score to each MA, RCC, MLGRD and OHLGS and calculate the allocation to each as per formula in the World Bank Disbursement Table (Annex 2, Attachment 1), and provide the aggregate disbursement amount along with the consolidated full assessment report and its findings simultaneously to GoG and the World Bank for review;
- (ii) The IVA will submit the draft report simultaneously to the independent quality assurance review (QAR) consultant hired by the World Bank and the RFG Steering Committee (SC) to verify that the assessment results are accurate and the disbursement from the central government to MAs, RCCs, MLGRD/OHLGS of Program funds in the last fiscal year has been done on time (starting with the second disbursement of Program duration). The World Bank QAR consultant and the RFG SC will review the assessment results for clear and indisputable errors;
- (iii) As part of implementation support, the World Bank will review the assessment results, the allocation amount and will ensure that there was timely disbursement of Program funds in the previous year. World Bank's final review will prevail in the case of any disputes between the IVA

Municipal Procurement Officer; Environmental & Social Safeguards Focal Person; Client Service Officer; Social Welfare and Community Development Officer.

³⁷ Among other things, the RCCs plan will specify the activity, its objective, the resources assigned and the implementation timeline.



and QAR results. The three levels of reviews (World Bank's independent QAR consultant, RFG steering committee, and the World Bank task team) will ensure transparency of the IVAs' results.

III. PROGRAM IMPLEMENTATION

A. Institutional and Implementation Arrangements

62. **The GSCSP will be implemented through institutional arrangements that are mainstreamed into the existing structures, systems and processes of the GoG at the central, regional and local governments' levels.** The core institutions that will be directly involved in the implementation of the Program are the following: at the national level - Ministry of Finance (MoF), MLGRD, OHLGS; at the regional level – the RCC, and at the local level – the MAs. Further elaborations are presented in Annex 3.

63. **At the national level, the Ministry of Finance (MoF), has significant responsibilities in ensuring timely, efficient, effective and accountable implementation of the Program.** The MoF will be responsible for ensuring that Program resources are planned for in the Medium-Term Development Plans (MTDPs), and budgeted for and disbursed within the annual budgets of the relevant MAs, the RCCs and MDAs.

64. **The MLGRD will be the lead coordinating agency for the Program implementation.** The MLGRD will plan, budget and collaborate in the execution of the Program with other MDAs³⁸ which provide supportive roles to MAs in their day to day work. Furthermore, the Ministry will also be responsible for the overall disbursement and accounting for the Program funds to Parliament. Relevant directorates and/or departments of the MLGRD will assume direct responsibility for performing coordination, supervision and accountability for the various implementation activities required of the Ministry.

65. **With regard to closing gaps in the capacity of the Ministry to discharge its roles and functions in the Program implementation, the institutional assessment undertaken as part of the Program preparation has identified the need for the Ministry to continue with the technical assistance support it has had under the implementation of the LGCSPP.** In addition, the assessment has recommended that the Ministry contracts the services of a technical firm to support RCCs where providing guidance, backstopping and quality assurance in design and implementation of the larger urban infrastructure projects to be implemented under the Program. Technical assistance support to the Ministry needs to have in-house for the implementation of the Program includes: (i) Procurement specialist; (ii) Financial management specialist; (iii) M&E specialist; (iv) Capacity building and institutional development specialist; (v) Civil engineer/contract manager advisor; (vi) Environmental safeguards (including climate change); and (vii) Social safeguards management.

66. **The Office of the Head of Local Government Service (OHLGS) has the mandate for human resource matters at sub-national level in Ghana.** The OHLGS is therefore responsible for the recruitment, training, promoting, deploying and transferring staff at RCCs and MMDAs. It is therefore the mandate of the OHLGS to ensure that the RCCs and the participating MAs have the capacity to effectively and efficiently perform their roles and functions under the Program. The OHLGS will therefore be responsible

³⁸ such as Land Use and Spatial Planning Authority (LUSPA), Land Valuation Division (LVD) and Environmental Protection Agency (EPA), etc.



to: (i) ensure that the RCCs and the MAs meet the core staffing requirements under the Program; and (ii) plan and execute relevant capacity building support to the RCCs and MAs. The OHLGS will be required (as a sub-set of minimum conditions) to ensure appropriate and adequate staffing of the participating MAs and RCCs prior to the disbursement of any Program funds to the MAs and the RCCs. In addition, the OHLGS undertakes annual performance assessments of all the RCCs and MMDAs under a nationwide performance contracting system.

67. **The RFG Steering Committee (SC) will provide Program oversight, endorse Program performance and allocations, arbitrate conflicts and strengthen inter-ministerial coordination.**³⁹ It will ensure proper coordination of issues on planning, allocations, flow of funds, compilation of data, and endorsement of the results of the DPAT/APA and final yearly allocations. It will meet at least twice a year, and as and when required.

68. **The overall oversight of technical coordination of the Program implementation will be undertaken by the existing RFG Technical Working Group (TWG), which is chaired by the Executive Secretary of the IMCC Secretariat.** Membership of the TWG comprises representatives of the agencies that have members in the Steering Committee. The TWG will scrutinize Program implementation progress and accountability reports, identify emerging technical issues and challenges and deliberate on measures to address them. On this basis, the Committee will provide technical guidance to: the implementing MAs, RCCs and MDAs on measures to improve performance; and the RFG steering committee on policy and strategic issues.

69. **At the regional level, the RCCs will support the implementation of the Program by discharging its constitutional and statutory mandate and functions**⁴⁰, **which is to provide technical back-stopping and mentoring to MAs.** In summary, the RCCs will as a matter of statutory requirement and functional routine: (i) exercise oversight and carry out performance assessments of the Program implementation in the participating MAs; and (ii) avail technical as well as administrative back-stopping support to the MAs. In addition, the RCC is required to undertake quarterly performance assessments of every MMDA in its jurisdiction and report the same to the OHLGS.

70. **At the local level, the Participating MAs have the primary responsibility for the planning and implementation of the urban infrastructure development and services delivery components of the Program.** The MAs have also direct responsibilities for budgeting, funds management, accounting and reporting use of the Program funds. Furthermore, the MAs will ensure integrity and fiduciary responsibility, safeguards and grievances redress in execution of implementation activities and use of funds. In the current institutional arrangement, the MAs are required to prepare and submit comprehensive quarterly work plans and progress reports to the RCCs.

³⁹ The memberships of the SC comprise MoF; the IMCC; NDPC; OHLGS; Office of the Administrator, DACF; Office of Head of Civil Service (OHCS), The Audit Service (AS), National Association of Local Authorities in Ghana (NALAG), Civil Society Representative (LOGNET), and representatives of concerned Development Partners (DPs).

⁴⁰ Pursuant to the The Local Governance Act, 2016 (Act 936) the functions of the RCCs includes: (a) monitoring, co-coordinating and evaluating the performance of the District Assemblies in the region; (b) monitoring the use of moneys: (i) mobilized by the District Assemblies; or (ii) allocated and released to the MMDAs by any agency of the central Government. (c) reviewing and co-coordinating public services generally in the region, and (d) providing "back-stopping support for the performance of any function assigned to the District Assemblies in the region in respect of which a particular District Assembly is deficient in terms of skills and workforce."



B. Results Monitoring and Evaluation

71. **The Program will be monitored and reported on using the existing Government systems.** Key elements of the monitoring and reporting structure during implementation will include regular reports from MAs, RCCs to MLGRD and OHLGS, the annual performance assessments, annual procurement and financial audits, and the midterm review report. The objective of the monitoring and evaluation (M&E) system is to generate timely and relevant feedback on the Program's implementation progress and achievement of expected outcomes to enable stakeholders to address issues as quickly as possible once they arise.

72. **Monitoring and reporting will take place at regional and MAs levels.** M&E officers at each level will be responsible for collecting information and data to report on Program implementation, and to capture data on MA activities, management and infrastructure/service delivery⁴¹. They will also prepare progress reports twice a year (a mid-year report and an annual report) containing agreed data and transmit them to the MLGRD. MLGRD's M&E specialists will consolidate such input into a single progress report for presentation to the RFG Steering Committee.

73. **In addition to the Program results listed in Annex 1, the MAs and RCCs will also monitor and document the Program:** (i) Output/outcome/impact in terms of numbers of facilities created, the size of the structure in case of construction, their outcome and impact on the people, the employment generated by the project, and the number of beneficiaries by gender and (ii) investment inventories, which compiles an inventory of all the Program investments, complete and in progress. This will build on the existing LGCSP M&E framework.

74. **MLGRD, as the coordinating Ministry, will produce and submit to the World Bank within three months of the beginning of each new fiscal year an annual Program report** which will provide information on the following:

- Summary of the MAs assessment results and the corresponding disbursed amounts;
- Summary of aggregate Program UDG expenditures and infrastructure delivered by MAs;
- Summary of aggregate of CSG expenditure and activities executed by the MAs;
- Progress report on expenditure and activities executed under the Regional (RCC) support;
- Progress report on expenditure and activities executed under the MLGRD/MDAs and OHLGS support
- Summary report on aggregate environmental and social measures undertaken by each MA,
- Summary report on grievances⁴² handled by the client service unit;
- Summary of aggregate information on procurement grievances forwarded to PPA;
- Summary of aggregate information on fraud and corruption issues forwarded to CHRAJ (see section on Fraud and Corruption).

75. **The Program report will be shared with the RFG Steering Committee for discussion.** The steering committee provides the opportunity for an open accountability of the Program at the national level.

⁴¹ Data will be disaggregated by gender

⁴² The summary of Grievances handled should be presented in a matrix form indicating the date the grievance was received, the name of the complainant, the nature of the complaint and when it was discussed and resolved by the grievance redress committee (GRC), or whether the aggrieved party opted for an appeal to the next level.



76. **A mid-term review (MTR) will be conducted within 30 months of Program implementation to evaluate progress and any adjustment to Program design.** The MTR will evaluate the UDG Performance Benchmarks and their assessment to ensure that these are providing a clear sense of direction for participating MAs and – at the same time – are genuinely achievable by MAs.

77. **The Program will enhance the capacity of MAs, MLGRD and OHLGS in monitoring and evaluation.** At the MA level, the Program will provide training and assistance on M&E, which will focus on (i) data collection, (ii) data quality and integrity control and (iii) linking data to informing MAs' decision-making processes. At the MLGRD an M&E specialist will be recruited and will be responsible, among other things, for assisting Program MAs in ensuring quality of data, and for linking the results of the annual performance assessment to the CSG activities to address gaps identified.

C. Disbursement Arrangements

78. **Upon confirmation of the achievement of Program DLIs, the World Bank will disburse the corresponding amount to the GoG in one tranche.** Funds for DLIs 1, 2, 3 and 4 will be transferred by Government to the participating MAs as per the APA results within 45 days of IDA to GoG transfer. Funds for DLIs 5, 6, 7 and 8 will remain at the central government level, as these aim to leverage central government actions. The Government will ensure that the funds released from the IDA upon satisfaction of DLI 5 will be transferred to RCCs within 45 working days of the IDA to GoG transfer and the funds released from the IDA upon satisfaction of DLI 6, 7 and 8 will be transferred to the MLGRD and OHLGS within 45 days of the IDA to GoG transfer. The GoG can request for an advance up to US\$ 16.9million against all DLIs for addressing fiscal constraints. For DLI 2 and 6 (DPAT assessment results) disbursements for prior results will be against the results achieved in Year 0 (FY2017) – prior to the date of the operation's legal agreement. DLIs 1 – 8 are scalable DLIs and disbursements will be based on DLI results achieved. A detailed explanation of the steps needed for disbursement against each Program DLI is provided in Annex 2, Attachment 1.

D. Capacity Building

79. **Much of the focus of the Program is on strengthening the capacities and operating systems of MAs, and on the intergovernmental system which provides the basic resource, institutional and incentive framework within which they operate.** In general terms, this systemic and capacity-building activity is addressed through three interrelated mechanisms: (i) the UDG which is a performance-based grant and provides the demand-side incentives for MAs capacity-building activity; (ii) the CSG which provides MAs with dedicated resources to invest in capacity-building activity; and (iii) activities undertaken by the MLGRD/MDAs and OHLGS to support and guide the capacity-building efforts of Program MAs and RCCs, and to develop national systems for improved urban development and management.

80. **The UDG will be used by MAs for provision of urban infrastructure/services and in the process, they will be exposed to learning by doing.** The CSG will be used by MAs for both human resource development and the installation, enhancement and improvement of operating systems in accordance with local priorities. On the human resource side, MAs will use the CSG to access formal training from existing local institutions/firms as is the current practice under the World Bank funded LGCSF. Training and support of this type – and for systems enhancement - will be procured by MAs themselves on the



basis of their annual capacity-building plans which will be formulated on the same timing cycle as their development plans. The key areas of focus are expected to be linked to the DPAT indicators as well as the urban performance benchmark indicators.

81. **At the central level, OHLGS will provide guidance to RCCs and MAs in the formulation and execution of their capacity-building plans, as well as a limited amount of supply driven capacity-building support directly to the RCCs and MAs.** Training of this type will be provided through a number of OHLGS centrally procured and managed mentoring activities intended to address specific issues in an RCC and MA or cross cutting issues affecting all the RCCs and MAs.

82. **The OHLGS in collaboration with MLGRD will liaise with the EPA to develop and deliver safeguards training modules to staff of the MAs, and environmental and social consultants who seek accreditations.** The Program will work with EPA through its Environmental Assessment Training Institute to expand the training modules it currently has and to deliver these trainings to MAs and environmental and resettlement consultants and practitioners helping the MA develop their ESMPs and ARAPs. The development and delivery of the training modules will include Environmental and Social screening, use of sectoral guidelines, resettlement action planning, management of Environmental and Social impacts of construction, health and safety and stakeholder consultations (See Annex 5 & 6).

83. **The use of Environmental and Social Specialists during the Program has been recommended to facilitate capacity building at the MLGRD and the MAs.** The two specialists will facilitate the establishment of the safeguards teams in all the MAs and mentor them during the Program. This will constitute an ongoing on the job training and capacity building. The specialists will identify suitable trainings for the staff and provide guidance in the screening of Program activities to ensure potential risks and impacts are adequately addressed through the preparation of required safeguards instruments.

84. **A number of capacity building and institutional strengthening activities have been identified as part of the institutional assessment for Program implementation.** The key capacity building and institutional strengthening activities have been incorporated into the Program design as part of the Program Results Framework, DLIs, and the Program Action Plan. Activities to be implemented with the World Bank technical support have also been described in the Implementation Support Plan in annex 7.

IV. ASSESSMENT SUMMARY

A. Technical

85. **A Technical Assessment was undertaken for the preparation of the GSCSP.** The analysis included, among other things, the Program's strategic relevance, technical soundness and produced the basis for the Program expenditure framework, results framework and monitoring and reporting system. It also reviewed the Program's economic rationale, its expected impact, and the technical risks associated with the Program and the actions to help mitigate them. The assessment concluded that the Program can be implemented within existing Government legal and institutional framework (see Annex 3 for details).

86. **Program expenditure framework** – The total Program funding, given in the table below, is US\$261 million of which IDA financing is US\$100.0 million (38.31 percent) and GoG parallel financing to the



Program MAs through the RFG is US\$161 million (61.69 percent) over the five years Program period. US\$90 million will constitute grants (UDG/CSG) that will go directly to the Program MAs. US\$10 million will support and leverage RCC, MLGRD and OHLGS technical back-up support, mentoring and capacity building to MAs, including Program management and M&E. The Program funds will flow from the Treasury to the relevant central government agencies and the MAs and funds will be disbursed in one tranche every fiscal year.

Table 13: GSCSP financing and expenditure framework

ITEM	AMOUNT (US\$)	OF TOTAL
<i>Estimated Program Expenditures</i>		
Program Grants (UDG/CSG) to MAs	90,000,000.00	34.48%
RCCs and Central government executed activities for grant administration and capacity support	10,000,000.00	3.83%
GoG parallel RFG to Program MAs	161,000,000.00	61.69%
TOTAL	261,000,000.00	100%
<i>Program Funding Sources</i>		
IDA	100,000,000.00	38.31%
GoG	161,000,000.00	61.69%
TOTAL	261,000,000.00	100%

87. **Program expenditure as a percentage of the government program** - The total RFG Program expenditure will be US\$261 million for five years. However, as a percentage of total IGFT from central government to MMDAs, the GSCSP expenditure will be only 4.79 percent of the US\$2.08 billion to be transferred over the Program period.

88. **The expenditure frameworks menu for the UDG is intentionally narrower than the DACF/RFG menu, and is deliberately intended to limit their use to financing urban infrastructure investments.** DACF/RFG allocations⁴³, on the other hand, can be used by MMDAs to finance a wide range of expenditures, corresponding to their broad functional mandate as provided for in the Local Governance Act, 2016 (Act 936). UDGs, however, are allocated to MAs based on the size of their urban populations and are thus intended to finance urban infrastructure investments. The indicative list of eligible investments includes typical urban infrastructure items. The list of non-eligible investments, on the other hand, covers a range of social sector infrastructure items (schools, health facilities, etc.) which – although they are within the spending mandate of MAs – are expected to be financed out of IGFs or other grants.

89. **Program Financing Sustainability** - the government program (RFG) is now fully integrated in the DACF and will be fully funded by government. The DACF is fully entrenched in the government's Medium-Term Expenditure Framework (MTEF) with a specific vote since it is provided for by the Constitution at not less than 5 percent of the national IGF. The funding of the government program (RFG) will therefore be predictable over the years since the transfers to MMDAs will be protected by the Constitution. The RFG will therefore be sustainable even after the World Bank financing and it will provide an incentive for the government program to grow with the demand and increase in national IGF.

⁴³ DACF/RFG grants can be described (with a few caveats) as general purpose local government block grants. In contrast, UDGs are earmarked (or conditional) grants.



90. **Program funding predictability** - To ensure predictability, GSCSP IPFs will be issued to participating MAs for all the Program duration, although actual annual disbursements will be based on performance assessment results linked to the DLIs. The Program fund will be protected from any budget cuts, by ensuring that once results have been achieved; verified and funds transferred from IDA to the GoG, within 45 days the government will transfer the funds to the various entities as per the results they have achieved. MAs will be informed about their actual allocation for the following FY in October every year immediately after the assessment exercise, to give the MAs ample time for their planning and budgeting process. Under the Program, funding to the MAs will therefore be predictable.

91. **Fiscal constraint and need for advances under the Program** - An initial US\$16.9 million of the Program funds can be advanced to Government against all DLIs immediately the credit becomes effective.

92. **The results framework and monitoring and evaluation activities are linked to the selected DLIs.** The APA will provide most of the indicators in the Program results framework. The M&E framework are intended to reinforce achievement of Program results. The choice of the DLIs was deliberate to ensure that the Government uses the existing government system, including the APA, to generate the Program results.

93. **Economic rationale – A sample of 280 sub-projects financed under the LGCSPP in Ashanti region were reviewed in more detail since the proposed GSCSP has similar investment menu and will be implemented under the same arrangements.** The review concluded that the sub-projects had provided *value for money*⁴⁴: *economy, efficiency, and effectiveness*. The sub-projects implemented had positive impact on equity while meeting the basic urban needs of broad section of the urban population, with impact on the urban poor. In addition, at a discount rate of 12%, the return on investment of the sub-projects had net present values which were greater than zero.

B. Fiduciary

94. **The Integrated Fiduciary assessment concludes that the overall fiduciary risk of the Program is Substantial, and mitigation measures are identified in Fiduciary Systems Assessment and PAP to reduce the risks.** Ghana's fiduciary environment for utilizing budgetary funds and donor funds is considered adequate. The government continues to make encouraging progress in implementing its wide-ranging program of strengthening public financial management through the adoption of the Short-Term and Medium-Term Action Plan. Budget formulation has been improved by revising the budget timetable to enable earlier tabling of the estimates and thus the passage of the Appropriations Bill prior to the start of the new financial year, with a view of allowing a more orderly implementation of spending plans. There is now increased consultation with stakeholders in budget formulation; more comprehensive information is included in budget documents; and MDAs have started to undertake procurement planning as part of their financial planning and budgeting process.

95. **Strong legal and institutional frameworks have been developed for public financial management (PFM) and combatting corruption in Ghana.** A new Public Financial Management Act, 2016 (Act 921) further strengthened the regulatory framework on Fraud and Corruption (F&C). The law mandates all Assemblies to inaugurate Audit Committees (ACs), to enhance the fight against F&C through

⁴⁴ Value for money means to maximize the impact of each dollar pound spent to improve poor people's lives.



effective implementation of recommendations of external and internal audit reports. While there are adequate financial management laws, rules and procedures that pertain to local governments, their implementation is uneven. As part of the capacity building initiatives factored in the design of the Program, the participating MAs will be supported to strengthen their respective capacities to render timely, reliable and comprehensive financial statements based on improved expenditure management principles and practices as this constitutes a core requirement for provision of performance grants under the Program.

96. **The legal framework on procurement has been strengthened, with the removal of bureaucratic processes aimed at reducing corruption.** While there are technical capacity constraints especially at MMDAs, backstopping mechanisms at both national and regional levels provide reasonable assurance for the Program. Capacity building initiatives will be incorporated into the Program to ensure smooth implementation.

97. **Government is committed to addressing corruption.** This has resulted, for example, in the establishment of the Office of Special Prosecutor (OSP) in July 2017 and the appointment of a Special Prosecutor in February 2018. The OSP is mandated, among other responsibilities, to investigate corruption cases and prosecute public officials indicted for acts of corruption. The OSP's role is expected to complement the role of accountability institutions such as the Commission on Human Rights and Administrative Justice (CHRAJ) and Economic and Organized Crime Office (EOCO). The DPAT introduced in 2018 seeks to increase Assemblies' proactivity on F&C issues, by introducing more stringent requirements that Assemblies must fulfil to access the RFG of the DACF.

98. **In order to combat F&C, the Program will focus on three interrelated measures:**

- improving collaboration between MAs and CHRAJ in handling F&C allegations;
- strengthening governance capacity of MAs in targeted areas, including (a) improving capacity for client services and complaints handling, (b) strengthening Audit Committee capacity; and (c) supporting information disclosure and coherent online presence of MAs; and
- supporting Government to introduce more stringent performance measures on F&C through the DPAT assessment of its program.

99. **The Government will implement the Program in accordance with the provisions of the Anti-Corruption Guidelines (ACG) applicable to PforR operations.** The Ministry of Local Government and Rural Development will be the government's focal office for the purposes of ACG application. The modalities for implementing the ACG are detailed in Annex 4. Detailed information on the implementation arrangements of these guidelines is provided in the POM. The guidelines will outline the processes that Government will take to (i) receive, address and report on fraud and corruption allegations in the Program; (ii) ensure the World Bank's debarment list are respected in awarding contracts under the Program; and (iii) assist World Bank investigations pertaining to the Program. The World Bank will monitor implementation of the Anti-Corruption Guidelines.

C. Environmental and Social

100. **The Program will finance prioritized urban infrastructure works proposed by MAs based on their 3-year Medium Term Development Plans.** Based on the experience of the LGCSP, the Program's



predecessor, majority of the works will involve rehabilitation and expansion of existing infrastructures within the existing right-of-way and/or premises of existing facilities. Works could fall under the following thematic areas: (i) Waste management (liquid and solid), (ii) Storm water drainage, (iii) Roads, non-motorized transport facilities, and street lights, (iv) Urban economic infrastructure, and (v) Disaster management. Environmental and social risks and impacts from these investments normally take place during construction and could range from localized air and water pollution, health and safety of workers and communities, erosion and sedimentation of waterways, minor land acquisition and temporary economic disturbance. Risks from labor influx and gender-based violence are expected to be low to moderate considering the Program's use of and preference for local labor over imported or outside labor.

101. **The Program will exclude investments that have adverse environment and social impacts and risks as categorized under Schedule II of the Environmental Assessment Regulations, 1999 (LI 1652) - (category A under World Bank's Environmental Assessment (EA) policy).** These types of investments, while highly unlikely to be prioritized by the MAs due to budget limitations and time needed to prepare them, will be excluded from Program financing consistent with the requirements of a PforR operation. These would include works: (i) outside of existing rights-of-way; (ii) involving physical relocation of more than 200 people; (iii) likely to adversely create or exacerbate conflict within communities; (iv) having significant adverse impacts on communities and sensitive receptors; (v) involving large scale market construction falling under Schedule 2 of LI 1652 that contributes to large amount of solid wastes in the cities; (vi) involving large-scale flood control systems such as dams or large dykes; (vii) involving sanitary landfills; and, (viii) that would significantly convert natural habitats or alter potentially important biodiversity and/or cultural resource areas.

102. **The Environmental and Social Systems Assessment (ESSA) conducted by the World Bank for this PforR operation revealed that Ghana's EA has a good system in place** with clear regulations, good procedures, existence of sectoral guidelines and responsibilities clearly delineated between the National and Regional Environmental Protection Agencies to (i) screen subprojects for potential E & S impacts and risks; (ii) determine the level of E & S analysis and specific plan to be prepared based on the outcomes of the screening; (iii) review the results of the assessment and plan and clear environmental permitting process; (iv) monitor and follow-up; and, (v) impose penalty and sanctions for violations and infractions to the system. The country, however, lacks clarity on the regulatory and institutional frameworks for resettlement and there is lack of recognition of PAPs that do not own titles to lands in terms of compensation and entitlements. There is also inadequate capacity and support to manage social safeguards within the MLGRD and at the MMDAs, and EPA focusses more on environmental requirements and do not provide adequate checks on the social aspects of the regulatory requirements. The country's grievance redress system is also weak and will need to be made more functional and operational.

103. **To manage potential impacts and risks, and to strengthen the country system for environmental, social, health and safety management, particularly at the MA level,** the ESSA recommends actions, which are integrated into the Program "Minimum Access Conditions," DLIs and Program Action Plan, including: (i) establishing and strengthening the E & S Management System at the MA level and at the MLGRD Policy Planning Budgeting Monitoring and Evaluation (PPBME) Directorate level; (ii) improving screening and updating EA Sectoral Guidelines; (iii) updating and adopting the Resettlement Policy Framework; (iv) conducting annual performance review and audit on E & S management; (v) strengthening consultations, stakeholders' collaboration and grievance redress; and, (vi)



improving capacity through sustained trainings of environmental and resettlement consultants helping MAs develop their ESMPs and ARAPs; MA E & S Teams, EPA and MLRGD staff.

D. World Bank Corporate Requirements

Climate co-benefits

104. **The proposed investments in urban infrastructure and service delivery will build climate resilience and disaster risk management capacity of the participating MAs.** The Program integrates adaptation and mitigation measures in its design to address the vulnerability to climate change impacts and disasters (extreme precipitation, flood, and fire) of the participating MAs and Program beneficiaries.

105. **The Program is expected to deliver adaptation as well as mitigation co-benefits of about 60 percent of the IDA financing.** The Program integrates adaptation and mitigation measures in its design to address the vulnerability to climate change impacts and disasters of the developing secondary cities and Program beneficiaries. Risk of flooding and storm water runoff could be offset through flood control system, drainage improvement, solid waste collection and management, operations and maintenance of the existing infrastructure and green infrastructure within the proposed UDG investment menu (pg 12, table 6). Actions related to improving institutional performance in urban management will additionally aim to create systems that are more resilient to climate change and natural disaster hazards. Annual performance assessment (DPAT)⁴⁵, Urban Development Action Plans (UDAP, page 8) as well as Capacity Support Grant (CSG, pg9, table 2) will also incentivize and capacitate Program cities to adopt and implement integrated plans and Programs towards mitigation and adaptation to climate change and resilience to disasters.

Gender Mainstreaming

106. **Improved Urban infrastructures translate directly into women's economic empowerment if a deliberate gender lens is taken during it identification, design and implication.** Improved transportation leads to increased women's mobility and easy access to services such as; hospitals, schools; and markets to sell their produce and to trade. Infrastructure provision and improvement reduces time women spend on domestic tasks and that time saved can then be utilized in other economic activities that transform women's lives. The construction of new transport, markets, and alternative energy facilities yield new opportunities for labor market participation, including huge opportunities for women “crossing over” into male-dominated sectors. Reduced exposure to risk – the perceived and actual risk of gender-based violence (GBV) has a significant impact on women's economic participation. There is a wide range of basic infrastructure linked to reductions in GBV (e.g., installation of streetlights, cameras increase women's safety in cities). Inclusion in decision-making: women are under-represented in urban and municipal decision-making processes. Increasing their representation in local government bodies can both boost these women's own empowerment, and also ensure gender is made visible when changes to infrastructure/services are discussed and designed. Ghana has made efforts to close the gender gap through its constitution that gives equal rights to both men and women, a national gender policy (2015)

⁴⁵ Seven scores in climate change and environment section of DPAT incentivize MMDAs to have climate change and disaster prevention related programs, conduct climate change data analysis, promote climate change/disaster risk reduction raising awareness program for citizens, and conduct environmental and social impact assessments.



is in place to guide gender programming and activities through the Ministry of Gender, Children and Social Protection. In its struggle to narrow the gap, Ghana has ratified a number of international gender policies over the years; however, despite the efforts gender gaps still exist across different sectors.

107. **As part of the Program design, a gender gap analysis was conducted to identify gender gaps within the selected MAs' beneficiaries and the MLGRD.** The study revealed gender gaps both at the MLGRD and the MAs. This included unclear operational relationship and reporting line between the Ministry of Gender Children and Social Protection (MGCSP) and MLGRD. Although there are Regional gender desk officers, there is a lack of a gender strategy and clear written guidelines on gender. There is low capacity of the staff both at the MLGRD and MAs, lack of equipment and tools, and no clear roles for the gender focal officers. The gender officers lack proper plans and budget lines to execute their roles. In addition, a grievance redress mechanism strategy is unclear except for the existence of the client service center, and monitoring and evaluation of gender activities is nonexistent at all levels.

108. **To deal with the gender challenges and close the gap, the Program will focus on** (a) coordination of gender related activities between the MGCSP, MLGRD, RCCs and the MAs; (b) development of gender strategy and guideline for urban development; (c) ensuring implementation of planned gender programs/activities as per the annual action plan; and (d) improvement in gender disaggregated reporting, monitoring and evaluation (M&E) system. The development of gender strategy and guideline for urban development as well as coordination of gender programs among government entities will be included in the PAP and POM. Implementation of gender-related programs in MAs and gender-disaggregated reporting and M&E will be monitored by DPAT assessment⁴⁶ and Program M&E database, regular reporting (quarterly report, semi-annual, and annual report) and results framework of the Program. At the end of the Program, beneficiary satisfaction survey will be carried out, taking into account specific needs/benefits of women and men. Trainings and assistance on gender mainstreaming and M&E will also be provided to MAs through MLGRD, RCCs, and OHLGS.

Citizen Engagement and Grievance Redress

109. **The proposed Program will advance Citizen Engagement (CE) in Government programs, building on CE instruments introduced under the LGCSP.** The LGCSP financed innovative instruments such as (i) the Social Public Expenditure and Financial Accountability (SPEFA) initiative, facilitated by a consortium of CSOs, which coordinated capacity development for CSOs on Government (LG) PFM processes and mobilizing citizens for improved participation in Town Hall Meetings of LGs; and (ii) Media Network, to build capacity in the media to report effectively on LG PFM issues and (iii) LG PFM template to promote transparency on LG budget. The GSCSP will support the national DPAT assessment, a performance instrument which covers CE, including Town Hall Meetings and application of LG PFM template. As part of the Program preparation, there was an engagement with beneficiary MAs, who provided input into the Program design, including during the Gender Gap Analysis as well as the safeguards assessment. The country's existing grievance redress systems were assessed and found to be fairly well developed and functional. Ghana has a Client Service Unit, as a mainstream unit in all LGs which is responsible for social accountability and grievances redress. As a result, citizens' feedback will be tracked using Government Systems at the Municipal Assembly. In addition, annual grievance redress reports will be prepared by MAs,

⁴⁶ Three scores in gender mainstreaming section of DPAT incentivize MMDAs to have specific gender mainstreaming programs in their annual action plan and conduct gender-disaggregated data monitoring.



detailing grievances received and proportion treated, as measures to increase MAs' performance on define governance capacity criteria.

110. **Participating MAs and CHRAJ will coordinate complaints handling under the Program.** MAs have their own client service units (CSUs) and mechanisms for complaints handling. The Assemblies' Public Relations and Complaints Committee receives and investigates complaints made against the conduct of members and staff of the Assembly. The CHRAJ will investigate corruption allegations and breaches of the code of conduct for public officers.

111. **Full details of the responsibility of each of the institutions will be outlined in the POM and partnership agreement with CHRAJ.** MAs will be responsible for (i) receiving, registering, responding to, and resolving complaints under the Program; (ii) maintaining a register of all complaints received, including those relating to F&C and preparing annual report on the grievances handled specifically for the Program, and (iii) forwarding all complaints relating to F&C to CHRAJ in accordance with the terms of the agreement that will be established. The role of CHRAJ in the complaints handling will include: (a) receiving, keeping records and investigating corruption cases from the MAs and citizens; (b) preparing separate annual reports on F&C specifically for the Program; and (c) supervise the handling of F&C grievances by the MAs.

112. **Communities and individuals who believe that they are adversely affected as a result of the World Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the World Bank's Grievance Redress Service (GRS).** The GRS ensures that complaints received are promptly reviewed in order to address pertinent concerns. Affected communities and individuals may submit their complaint to the World Bank's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of World Bank non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and World Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

E. Risk Assessment

113. **The overall risk rating for the Program is Substantial.** There is a substantial level of risk related to macroeconomics, fiduciary, and environmental and social systems, with moderate risks for sector strategies and policies, technical design of the Program, and stakeholders. The need to cover all MAs due to political considerations remains a risk. Safeguards are also a risk, partly due to a lack of capacity, staff turn-over both at the center, as well as the MA level and the proliferation of Local Governments – the number of MAs has increased from 40 in 2011 to 104 in 2017.

114. **Developing local capacity for effective service delivery and provision of quality services are key requirements for urban management.** There are however a number of challenges. The Government has fiscal challenges and has sometimes released the DACF late to LGs although it is a Constitutional requirement. The urban development unit in the MLGRD which should be driving the country urbanization agenda is small and inadequately staffed. Creation of new LGs brings with it associated challenges of



negative impact to connectivity, the need for additional staffing and financing, risking spreading public resources too thinly. These challenges are compounded by uncoordinated transfers of staff both at the center as well as at the LGs. While the World Bank remains committed to supporting secondary cities, rapid scale-up of the Program to a large number, or even to all of the 104 MAs although it might be politically desirable could overwhelm local capacity and adversely impact the effectiveness of World Bank support to the Program.

115. **Environment and Social Risk - Environmental risk of the Program is Moderate.** There is good regulatory and institutional frameworks and systems in place which can manage environmental risks from sub-projects supported by the Program. However, there is need to enhance staffing and resourcing, screening, sectoral guidelines, trainings and capacity building. **Social risk of the Program, however, is rated Substantial** because of: (i) lack of clarity on the regulatory and institutional frameworks on resettlement; (ii) lack of recognition of PAPs; (iii) inadequate capacity and support to manage social safeguards within the MLGRD and MAs; and (iv) limited role of EPA on social aspect. The overall E & S risk of the program is therefore **Substantial**.

116. **Beyond these risks, there are a number of technical risks associated with contract management that need to be considered.** Over-expanding the scope of the Program could overstretch the capacity of the MLGRD to provide the necessary technical support to a large number of municipalities, thus a strong concurrent capacity building program will need to be developed. Secondly, the MLGRD will lose the technical capacity of the consultants recruited under the LGCSP when the project closes by end June 2018.

117. **Risk mitigation measures** - The Program will put in place mitigating mechanisms to address these risks with a focus on strengthening capacity of MLGRD to perform oversight and back-stopping functions to the participating MAs. The overarching measures to mitigate these risks will be first, a series of institutional enhancement activities financed by the Program to address capacity gaps at all three levels. Program DLIs are structured to incentivize (a) timely annual performance assessment and inter-governmental fiscal transfers, and (b) demonstrating Municipal management capacity including fiduciary and safeguards requirements. The capacity gaps identified in contract management and social safeguards at the central, regional and local levels will also be strengthened through technical assistance and tailor-made capacity building activities, which will include, training, on-job support and mentoring. The World Bank team and MLGRD will continuously monitor performance to ensure both anticipated and unanticipated risks are addressed.

F. Program Action Plan

118. To ensure efficient Program implementation and maximize the likelihood of achieving the Program development objective a number of actions will be taken. These actions aim to mitigate risks identified through the various assessments conducted to inform the Program design. They also build on the lessons from the implementation of the Government program (RFG) as well as the World Bank funded project (LGCSP). They will address shortcomings which cut across the Program, as well as risks which are specific to technical, fiduciary, social and environmental management. A number of these issues/risks have been addressed at the Program design and DLI level, while others are legal covenants and agreements. The detailed Program Action Plan is presented in Annex 6.

**ANNEX 1. RESULTS FRAMEWORK MATRIX**

PDO Indicators by Objectives / Outcomes	DLI	CRI	Unit of Measure	Baseline	End Target
To improve urban management and basic urban services in participating Municipal Assemblies					
People provided with improved urban infrastructure/services under the GSCSP	2,3,4		Number (Thousand)	0.00	1,750.00
- of which Female	2,3,4		Number (Thousand)	0.00	892.00
Composite annual average urban performance benchmark percentage score by Program MAs	3		Percentage	0.00	65.00



Intermediate Results Indicators by Results Areas	DLI	CRI	Unit of Measure	Baseline	End Target
Results Area 1: Institutional Performance at Program MAs					
Program MAs with Municipal Structure Plans (15 years)	3		Number	0.00	25.00
Program MAs with Municipal Local Plans covering at least 30% of the municipal area	3		Number	0.00	25.00
Program MAs monitoring key municipal services	3		Number	0.00	25.00
MAs that execute at 80 percent of their O&M budget	1,3		Number	0.00	25.00
MAs with improved and up to date Revenue Administration (Computer-based) systems	1,3		Number	0.00	25.00
MAs that satisfy at least 80% of the defined governance capacity criteria	2		Number	0.00	20.00
MAs that implement at least 80% of the planned gender programs as per the annual action plan	2		Number	0.00	25.00
Results Area 2: Infrastructure delivery					
Composite annual average urban infrastructure delivery percentage score by Program MAs as per annual work plan	4		Percentage	0.00	95.00
Urban roads built or rehabilitated using UDG	4		Kilometers	0.00	0.00
Municipal local economic infrastructure built or rehabilitated using UDG	4		Number	0.00	0.00
Drains built or rehabilitated using UDG	4		Kilometers	0.00	0.00
Public parks and greenery built or rehabilitated using UDG	4		Hectare(Ha)	0.00	0.00
Results Area 3: Regional and National Government Support to MAs					



RCCs Annual Capacity Support Plans for MAs implemented	5		Percentage	0.00	100.00
OHLGS Annual Capacity Building Plan implemented	8		Percentage	0.00	100.00
MLGRD/MDAs approved Annual Workplan implemented	7		Percentage	0.00	100.00
Improved Intergovernmental Fiscal Transfer System (IGFTS) adopted with timely allocation and publication of UDGs to MAs	6		Text	0.00	October 1 of each year



Monitoring & Evaluation Plan: PDO Indicators

Indicator Name	People provided with improved urban infrastructure/services under the GSCSP
Frequency	Annually
Data Source	MLGRD M&E database
Methodology for Data Collection	Reports from MAs and contractors
Responsibility for Data Collection	MAs and contractors
Indicator Name	People provided with improved urban infrastructure/services under the GSCSP – of which Female
Frequency	Annually
Data Source	MLGRD M&E data base
Methodology for Data Collection	M&E data base
Responsibility for Data Collection	MAs and contractors
Indicator Name	Composite annual average urban performance benchmark percentage score by Program MAs
Frequency	Annually
Data Source	Annual PB assessment
Methodology for Data Collection	Annual PB assessment
Responsibility for Data Collection	The Independent Verification Agent (IVA). The RFG SC and MLGRD verify the index.



Monitoring & Evaluation Plan: Intermediate Results Indicators

Indicator Name	Program MAs with Municipal Structure Plans (15 years)
Frequency	Annually
Data Source	Annual PB Assessment
Methodology for Data Collection	Annual PB Assessment
Responsibility for Data Collection	Program MAs; RCCs, LUSPA, MLGRD through IVA
Indicator Name	Program MAs with Municipal Local Plans covering at least 30% of the municipal area
Frequency	Annually
Data Source	Annual PB Assessment.
Methodology for Data Collection	Annual PB Assessment
Responsibility for Data Collection	Program MAs; RCCs, LUSPA, MLGRD through IVA
Indicator Name	Program MAs monitoring key municipal services
Frequency	Annually
Data Source	Annual PB assesement
Methodology for Data Collection	Annual PB assessment
Responsibility for Data Collection	Program MAs; RCCs, LUSPA, MLGRD through IVA
Indicator Name	MAs that execute at 80 percent of their O&M budget
Frequency	Annually
Data Source	Annual PB assessment
Methodology for Data Collection	Annual PB assessment
Responsibility for Data Collection	The Independent Verification Agen (IVA). The RFG SC and MLGRD verify the scores.



Indicator Name	MAs with improved and up to date Revenue Administration (Computer-based) systems
Frequency	Annually
Data Source	Annual PB assessment
Methodology for Data Collection	Annual PB assessment
Responsibility for Data Collection	The Independent Verification Agent (IVA). The RFG SC and MLGRD verify the scores.
Indicator Name	MAs that satisfy at least 80% of the defined governance capacity criteria
Frequency	Annually
Data Source	Annual PB assessment
Methodology for Data Collection	Annual PB assessment
Responsibility for Data Collection	The Independent Verification Agent (IVA). The RFG SC and MLGRD verify the scores.
Indicator Name	MAs that implement at least 80% of the planned gender programs as per the annual action plan
Frequency	Annually
Data Source	M&E data base
Methodology for Data Collection	M&E data base
Responsibility for Data Collection	Program MAs verified by RCCs; and MLGRD
Indicator Name	Composite annual average urban infrastructure delivery percentage score by Program MAs
Frequency	Annually
Data Source	Annual PB assessment
Methodology for Data Collection	Annual PB Assessment
Responsibility for Data Collection	The Independent Verification Agent (IVA). The RFG SC and MLGRD verify the index.



Indicator Name	Urban roads built or rehabilitated using UDG
Frequency	Annually
Data Source	M&E database
Methodology for Data Collection	M&E database
Responsibility for Data Collection	Program MAs verified by RFG SC; and MLGRD
Indicator Name	Municipal local economic infrastructure built or rehabilitated using UDG
Frequency	Annually
Data Source	M&E data base
Methodology for Data Collection	M&E data base
Responsibility for Data Collection	Program MAs verified by RCCs; and MLGRD
Indicator Name	Drains built or rehabilitated using UDG
Frequency	Annually
Data Source	M&E data base
Methodology for Data Collection	M&E data base
Responsibility for Data Collection	Program MAs verified by RCCs; and MLGRD
Indicator Name	Public parks and greenery built or rehabilitated using UDG
Frequency	Annually
Data Source	M&E data base
Methodology for Data Collection	M&E data base
Responsibility for Data Collection	Program MAs verified by RCCs; and MLGRD



Indicator Name	RCCs Annual Capacity Support Plans for MAs implemented
Frequency	Annually
Data Source	RCCs Annual Capacity Support Plans progress report
Methodology for Data Collection	RCCs Annual Capacity Support Plans progress report
Responsibility for Data Collection	RCCs, verified by OHLGS, MLGRD and RFG SC
Indicator Name	OHLGS Annual Capacity Building Plan implemented
Frequency	Annually
Data Source	OHLGS Annual Capacity Building Plan progress report
Methodology for Data Collection	OHLGS Annual Capacity Building Plan progress report
Responsibility for Data Collection	OHLGS; verified by IVA
Indicator Name	MLGRD/MDAs approved Annual Workplan implemented
Frequency	Annually
Data Source	MLGRD/MDAs annual workplan progress report and PAP
Methodology for Data Collection	MLGRD/MDAs annual workplan progress report and PAP
Responsibility for Data Collection	MLGRD; verified by IVA
Indicator Name	Improved Intergovernmental Fiscal Transfer System (IGFTS) adopted with timely allocation and publication of UDGs to MAs
Frequency	Annually
Data Source	APA assessment
Methodology for Data Collection	APA assessment
Responsibility for Data Collection	The independent verification agent (IVA), and the RFG SC and MLGRD verify the index.



ANNEX 2. Disbursement Linked Indicators, Disbursement Arrangements and Verification Protocols

Disbursement Linked Indicators Matrix

DLI 1	Extent to which Participating Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Number	3,000,000.00	3.0
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Prior Results			0.00	
FY 19	19.00		950,000.00	
FY 20	19.00		950,000.00	
FY 21	19.00		950,000.00	
FY 22	3.00		150,000.00	
FY 23	0.00		0.00	
DLI 2	Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Number	32,800,000.00	32.80
Period	Value		Allocated Amount (USD)	Formula



Baseline	0.00			
Prior Results	15.00		5,700,000.00	
FY 19	16.00		6,000,000.00	
FY 20	17.00		6,400,000.00	
FY 21	19.00		7,200,000.00	
FY 22	20.00		7,500,000.00	
FY 23	0.00		0.00	
DLI 3	Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks Targets			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Intermediate Outcome	Yes	Percentage	41,700,000.00	41.70
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Prior Results			0.00	
FY 19			0.00	
FY 20	31.00		12,500,000.00	
FY 21	45.00		8,600,000.00	
FY 22	60.00		5,900,000.00	
FY 23	65.00		14,700,000.00	



DLI 4	Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure Services Delivery Target			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Outcome	Yes	Percentage	12,500,000.00	12.50
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Prior Results			0.00	
FY 19			0.00	
FY 20			0.00	
FY 21	75.00		2,900,000.00	
FY 22	85.00		4,300,000.00	
FY 23	95.00		5,300,000.00	
DLI 5	Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for MAs			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Number	3,000,000.00	3.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	0.00			
Prior Results			0.00	
FY 19	10.00		600,000.00	



FY 20	10.00		600,000.00	
FY 21	10.00		600,000.00	
FY 22	10.00		600,000.00	
FY 23	10.00		600,000.00	
DLI 6	DPAT/APA Assessments Results Published by October 1 of each FY			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	2,500,000.00	2.50
Period	Value		Allocated Amount (USD)	Formula
Baseline	-			
Prior Results	October 1		500,000.00	
FY 19	October 1		500,000.00	
FY 20	October 1		500,000.00	
FY 21	October 1		500,000.00	
FY 22	October 1		500,000.00	
FY 23	October 1		0.00	
DLI 7	Timely Allocation and Release of Program Funds to Municipal Assemblies; and Implementation of MLGRD/MDAs Annual Workplan to support Participating MAs			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount



Output	Yes	Text	2,500,000.00	2.50
Period	Value		Allocated Amount (USD)	Formula
Baseline	-			
Prior Results			0.00	
FY 19	Yes		500,000.00	
FY 20	Yes		500,000.00	
FY 21	Yes		500,000.00	
FY 22	Yes		500,000.00	
FY 23	Yes		500,000.00	
DLI 8	Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support Participating MAs and RCCs has been implemented			
Type of DLI	Scalability	Unit of Measure	Total Allocated Amount (USD)	As % of Total Financing Amount
Output	Yes	Text	2,000,000.00	2.00
Period	Value		Allocated Amount (USD)	Formula
Baseline	No			
Prior Results			0.00	
FY 19	Yes		400,000.00	
FY 20	Yes		400,000.00	
FY 21	Yes		400,000.00	



FY 22	Yes	400,000.00	
FY 23	Yes	400,000.00	



Verification Protocol Table: Disbursement Linked Indicators

DLI 1	Extent to which Participating Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions
Description	This indicator will be satisfied when eligible MAs satisfy CSG Minimum Conditions
Data source/ agency	APA reports, CSG allocation announcements and notifications (made by MLGRD to MAs and publicly disclosed)
Verification Entity	Independent verification Agency (IVA)/firm assesses MA performance, RFG Steering Committee (SC) endorses APA results
Procedure	IVA (private firm) contracted by MLGRD to carry out APA. IVA submits APA report (findings, results) to MLGRD and IDA. IDA contracts Quality Assurance Review (QAR) consultants and QAR consultants review APA report prepared by IVA. MLGRD presents APA report to RFG SC for review and endorsement. World Bank reviews the final APA report and endorse the results.
DLI 2	Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score
Description	This indicator will be satisfied when participating MAs score at least the national average DPAT performance score and qualify to get the GoG UDG from the RFG window.
Data source/ agency	DPAT assessment reports, UDG allocation announcements and notifications (made by MLGRD to MAs and publicly disclosed)
Verification Entity	DPAT assessment reports by IVA/firms, RFG SC endorses DPAT results
Procedure	Independent team contracted by MLGRD to carry out DPAT. DPAT team submits report (findings, results) to MLGRD. MLGRD presents DPAT report to RFG SC for endorsement. World Bank QAR consultant verifies, World Bank endorses DPAT scores.
DLI 3	Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks Targets
Description	This indicator measures the extend to which Participating MAs have achieved Urban management PBs (subject to full compliance with UDG MCs).
Data source/ agency	APA reports, UDG allocation announcements and notifications (made by MLGRD to MAs and publicly disclosed)
Verification Entity	IVA/firm assesses MAs' performances, RFG SC endorses APA results, IDA hires QAR consultant to validate APA results.
Procedure	IVA (private firm) contracted by MLGRD to carry out APA. IVA submits APA report (findings, results) to MLGRD and IDA. IDA contracts Quality Assurance Review (QAR) consultants and QAR consultants review APA report prepared by IVA. MLGRD presents APA report to RFG SC for review and endorsement. World Bank reviews the final APA report and endorse the results.



DLI 4	Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure Services Delivery Target
Description	This indicator measures annual average urban infrastructure delivery percentage score by Program MAs as per annual work plan. The achievements of the infrastructure target by each MA will be scored out of a total of 100 points.
Data source/ agency	APA reports, UDG allocation announcements and notifications (made by MLGRD to MAs and publicly disclosed)
Verification Entity	IVA/firm assesses MAs' performances, RFG SC endorses APA results, and IDA QAR validate results.
Procedure	IVA (private firm) contracted by MLGRD to carry out APA. IVA submits APA report (findings, results) to MLGRD and IDA. IDA contracts Quality Assurance Review (QAR) consultants and QAR consultants review APA report prepared by IVA. MLGRD presents APA report to RFG SC for review and endorsement. World Bank reviews the final APA report and endorse the results.
DLI 5	Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for MAs.
Description	This indicator measures number of RCCs that have adopted and implemented ACSP for participating MAs.
Data source/ agency	APA reports, RCC grant allocation announcements and notifications (made by OHLGS to RCCs and publicly disclosed)
Verification Entity	IVA/firm assesses RCCs' performances, RFG SC endorses APA results, and IDA hires QAR consultant to validate APA results
Procedure	IVA (private firm) contracted by MLGRD to carry out APA. IVA submits APA report (findings, results) to MLGRD and IDA. IDA contracts Quality Assurance Review (QAR) consultants and QAR consultants review APA report prepared by IVA. MLGRD presents APA report to RFG SC for review and endorsement. World Bank reviews the final APA report and endorse the results.
DLI 6	DPAT/APA Assessments Results Published by October 1 of each FY.
Description	This indicator measures the robustness of the Government IGTF system and will be satisfied if/when DPAT/APA results are published by 1 October of each FY prior to RFG disbursement.
Data source/ agency	DPAT assessment reports, RFG SC minutes of meeting in which DPAT assessment reports and results are endorsed
Verification Entity	IVA verifies that RFG SC has approved DPAT reports and results published not later than October 1 every FY. IDA's QAR validates.
Procedure	IVA (private firm) contracted by MLGRD to carry out APA. IVA submits APA report (findings, results) to MLGRD and IDA. IDA contracts Quality Assurance Review (QAR) consultants and QAR consultants review APA report prepared by IVA. MLGRD presents APA report to RFG SC for review and endorsement. World Bank reviews the final APA report and endorse the results.
DLI 7	Timely Allocation and Release of Program Funds to Municipal Assemblies; and Implementation of MLGRD/MDAs Annual Workplan to



	support Participating MAs
Description	This indicator will be satisfied when MLGRD releases to MAs in time (within 45 days after IDA disbursement to GoG), and adopts an annual workplan of support to MAs and implements the workplan.
Data source/ agency	MLGRD UDG/CSG release letter, MLGRD Program annual workplan and reports, RFG SC endorses MLGRD annual workplan, IVA report
Verification Entity	IVA verifies that MLGRD releases resources in time, has annual workplan and assesses extent to which workplan has been implemented. IDA's QAR consultant validates
Procedure	MLGRD releases UDG/CSG as scheduled. MLGRD draws up annual workplan. RFG SC approves MLGRD annual workplan. MLGRD implements annual workplan. MLGRD reports to RFG SC on workplan implementation. IVA verifies MLGRD workplan and implementation report. World Bank endorses IVA verification.
DLI 8	Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support Participating MAs and RCCs has been implemented
Description	This indicator measures (i) Key RCC and MAs staffs posted by OHLGS, and (ii) OHLGS implementing its annual supply driven capacity support plan to RCCs and MAs.
Data source/ agency	OHLGS report on RCC and MA staffing, IVA reports
Verification Entity	IVA verifies key staff presence in RCCs and MAs, IVA verifies OHLGS report, and IDA QAR validates.
Procedure	OHLGS reports on presence of key RCC and MA staff. IVA report provides findings on RCC and MA staffing. IVA submits APA report (findings, results) to MLGRD and IDA. IDA contracts Quality Assurance Review (QAR) consultants and QAR consultants review APA report prepared by IVA. MLGRD presents APA report to RFG SC for review and endorsement. World Bank reviews the final APA report and endorse the results.



Attachment 1. World Bank Disbursement Table

#	DLI	World Bank financing allocated to the DLI (\$ million)	Of which financing available for Prior results	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of World Bank Financing	Maximum DLI value(s) expected to be achieved for World Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
1	Extent to which Participating Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions ⁴⁷	3.0	0	DPAT/APA to be completed by 15 September Verification, review and endorsement of DPAT/APA results to be completed by September 30 by RFG SC and RCCs allocations publicized by not later than October 1 after IDA validation and confirmation.	1	25	DLR 1 Annual calculation up to the DLI Allocation: DLR 1.1: FY18 - No. of Participating MAs complying with CSG MCs x US\$ 50,000. DLR 1.2: FY19 - No. of Participating MAs complying with CSG MCs x US\$ 50,000. DLR 1.3: FY20 - No. of Participating MAs complying with CSG MCs x US\$ 50,000. DLR 1.4: FY21 - No. of Participating MAs complying with CSG MCs x US\$ 50,000.
2	Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score	32.8	5.70	DPAT to be completed by 15 September Verification, review and endorsement of DPAT results to be completed by September 30 by RFG SC and allocations publicized by not later than October 1 after IDA validation and confirmation.	1	25	DLR 2 annual calculation = total 2018 Urban Population for the Participating MAs that have a national average DPAT Score equal to or above the national average DPAT Score for the FY multiplied by SDR 2.13 up to the DLI Allocation.
3	Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks	41.7	0	DPAT/APA to be completed by 15 September Verification, review and endorsement of DPAT/APA results to be completed by September 30 by RFG SC and allocations publicized by not later than	0 (average Urban Management PB score)	100 (average Urban Management PB score)	DLR 3 annual calculation: Year 1 (DLR#3.1) = 0 allocation. Year 2 onwards allocation = population multiplied by US\$ 9. For Participating MAs that have scored the Urban Performance Benchmark Targets or above for the FY, their allocation for the FY will be based on

⁴⁷ See page 8, table 1.



#	DLI	World Bank financing allocated to the DLI (\$ million)	Of which financing available for Prior results	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of World Bank Financing	Maximum DLI value(s) expected to be achieved for World Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
	Targets			October 1 after IDA validation and confirmation.			their respective 2018 Urban Population multiplied by US\$ 9 up to the DLI Allocation. For the Participating MAs that have scored below the FY target, the allocation will be on pro rata, based on their respective scores as a ratio to the FY target score multiplied by US\$ 9 and multiplied by the Participating MA's respective 2018 urban population.
4	Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure Services Delivery Target	12.5	0	DPAT/APA to be completed by 15 September Verification, review and endorsement of DPAT/APA results to be completed by September 30 by RFG SC and allocations publicized by not later than October 1 after IDA validation and confirmation.	0 (average Infrastructure & Service Delivery score as per work plan)	100 (average Infrastructure & Service Delivery score as per work plan).	DLR 4 annual calculation: Year 1 and 2 (DLR#4.1 and 4.2) = 0 allocation Year 3 onwards allocation: For Participating MAs that have implemented up to or above the FY Program Infrastructure and Services Delivery Target, their allocation for FY will be based on their 2018 Urban Population multiplied by US\$3. For Participating MAs that have implemented below the FY Program Infrastructure and Services Delivery Target, the allocation for the FY for each of the Participating MA will be based on pro rata, based on their respective Infrastructure and Services Delivery Target as a ratio of the FY target multiplied by US\$3 and multiplied by the respective 2018 Urban Population of each Participating MA.



#	DLI	World Bank financing allocated to the DLI (\$ million)	Of which financing available for Prior results	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of World Bank Financing	Maximum DLI value(s) expected to be achieved for World Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
5	Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for Participating MAs.	3.0	0	APA to be completed by 15 September Verification, review and endorsement of APA results to be completed by September 30 by RFG SC and allocations publicized by not later than October 1 after IDA validation and confirmation.	1	10 ⁴⁸	DLR 5 annual calculation = number of RCCs that have achieved the DLR 5 FY target multiplied by US\$60,000 per year.
6	DPAT/APA Assessments Results Published by October 1 of each FY.	2.5	0.50	DPAT/APA to be completed by 15 September Verification, review and endorsement of DPAT/APA results to be completed by September 30 by RFG SC and allocations publicized by not later than October 1 after IDA validation and confirmation.	1	1	DLR 6 Annual calculation up to the DLI Allocation: DPAT/APA Results Published by October 1 of each year – US\$500,000 per year. DPAT/APA Results publication delayed by 3 months after Oct 1 – US\$375,000 per year; DPAT/APA Results publication delayed by 6 months after Oct 1 – US\$250,000 per year; DPAT/APA Results publication delayed by 9 months after Oct 1 – US\$ 125,000 per year; DPAT/APA Results not published in 12 months – 0 release.
7	Timely Allocation and Release of Program Funds to Municipal Assemblies; and	2.5		MLGRD make sure UDG/CSG allocate and release to MAs in time (within 30 days after IDA disbursement to GoG). IVA will assess the date of allocation and release.	1	1	DLR#7 annual calculation up to the DLI Allocation: Year 1: (i) Timely Allocation and Release of Program Funds are not applicable in FY 18.

⁴⁸ Potential to have additional 6 Regions



#	DLI	World Bank financing allocated to the DLI (\$ million)	Of which financing available for Prior results	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of World Bank Financing	Maximum DLI value(s) expected to be achieved for World Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
	Implementation of MLGRD/MDAs Annual Workplan to support Participating MAs.			MLGRD/MDAs annual work plan of support for MAs developed by September 15 and Implementation of previous year's MLGRD/MDAs work plan of support assessed by IVA by September 15. Verification, review and endorsement of APA results to be completed by September 30 by RFG SC and allocations publicized by not later than October 1 after IDA validation and confirmation.			(ii) If MLGRD adopts MLGRD/MDAs Annual Workplan of FY 19, US\$ 500,000 is allocated. Year 2-4: (i) Release of Program Funds to Participating MAs within 45 days of receipt of funds from the Association US\$250,000 per year; For any delays in Timely Allocation and Release of Program Funds to Participating MAs, MLGRD will lose 25% of the US\$250,000 for every 90 days delay. (ii) If MLGRD/MDAs has adopted the Annual Work Plan to support Participating MAs for the following year and has achieved the implementation target or above of the previous FY, it is allocated US\$250,000. However, if implementation of previous Annual Workplan to support Participating MAs is below target, MLGRD/MDAs will receive an allocation on a pro rata basis (percentage of Annual Workplan implemented in the previous year against the target for the previous year multiplied by US\$250,000).
8	Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to	2.0	0	OHLGS has appointed fully key staff at the 10 RCCs and the Program MAs and an annual work plan of support for RCCs and MAs developed by September 15 and Implementation of previous year's OHLGS work plan of support	1	1	DLR 8 annual calculation = (i) Key RCC and MA Staff in place – US\$200,000; If not – zero allocation for the FY. (ii) OHLGS has adopted the ACBP to support RCCs and Participating MAs for the



#	DLI	World Bank financing allocated to the DLI (\$ million)	Of which financing available for Prior results	Deadline for DLI Achievement	Minimum DLI value to be achieved to trigger disbursements of World Bank Financing	Maximum DLI value(s) expected to be achieved for World Bank disbursements purposes	Determination of Financing Amount to be disbursed against achieved and verified DLI value(s)
	support Participating MAs and RCCs has been implemented			assessed by IVA by September 15. Verification, review and endorsement of APA results to be completed by September 30 by RFG SC and allocations publicized by not later than October 1 after IDA validation and confirmation.			following FY and has achieved implementation target or above for the previous FY – allocate US\$200,000. However, if implementation of previous ACBP to support RCCs and Participating MAs is below target, OHLGS provide allocation on a pro rata basis.
	Total	100.0					

Attachment 2. Urban Performance Benchmarks(PBs) Annual Performance Assessment (APA) and Scoring tool

Performance Benchmarks Area	Performance Benchmarks	% Score (for performance area as a whole)
Urban planning and services	<ul style="list-style-type: none"> • Availability, use and application of spatial planning instruments • Street naming and addressing • Monitoring of solid waste and solid waste management • Monitoring of municipal services 	25.0
Urban economic development and competitiveness	<ul style="list-style-type: none"> • Regular and formal interaction between MA and local firms • MA business support strategy and action plans 	12.5
Sustainable urban systems	<ul style="list-style-type: none"> • Quality of revenue administration • Drainage maintenance • Street light maintenance • Maintenance of pedestrian access networks 	37.5
Urban infrastructure delivery (from year 2 onwards)	<ul style="list-style-type: none"> • Use of previous UDGs (spending/budget) • Efficiency of infrastructure projects 	25.0



	• Effectiveness of infrastructure projects	
Total score		100.0

1. Annual Performance Assessments (APAs) of eligible MAs will be carried out by an IVA (firm of consultants) to score each MA in terms of its achievements with respect to Performance Benchmarks. These scores will determine the total size of UDG that MAs will receive.
2. The IVA team will be composed of three members: (a) team leader (urbanist); (b) local revenue specialist; (c) civil engineer.

Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
Urban planning and services	Availability, use and application of spatial planning instruments	Municipal Spatial Planning Committee (MSPC) established and functional (LUSPA Art 37) AND Technical Sub-Committee (TSC) established and functional (LUSPA Art 39)	<ul style="list-style-type: none"> Establishment (date) Composition (as per LUSPA) MSPC and TSC met at least on a quarterly basis If <u>all</u> of the above, score = 1; If not all, score = 0	MA minutes of meetings during which MSPC and TSC were established MSPC and TSC minutes of meetings	1
		Municipal Spatial Development Framework (MSDF, 20 years) approved	<ul style="list-style-type: none"> MSDF has been approved by MA and is applicable (less than 20 years old) If the above, score = 1; If not, score = 0	MSDF in hard copy MA minutes of meeting during which MSDF approved	1
		Municipal Structure Plan(s) (MSP, 15 years) approved for <u>urban</u> areas within the MA	<ul style="list-style-type: none"> MSP for principal urban area has been approved and is applicable (less than 15 years old) If the above, score = 2; If not, score = 0	MSP in hard copy MA minutes of meeting where MSP is approved	2
		Planning & Building Inspectorate Unit established and functional in MA (LUSPA Art 158)	<ul style="list-style-type: none"> Establishment (date) Staffed by at least one officer Regular reports provided to MA by unit If <u>all</u> of the above, score = 2; If not all, score = 0	MA organogram MA staff list	2
		Planning permits reflect spatial plans	<ul style="list-style-type: none"> X% of planning permits issued in last 12 months refer to MSDF or MSP If $X \geq 75$, score = 2 If $X = 50-74$, score = 1 If $X \leq 49$, score = 0	MA copies of planning permits	2
	Street addressing See: MLGRD (2010): <i>Street</i>	MA has a computerized street addressing system and database	<ul style="list-style-type: none"> Computerized street addressing database exists and has been accessed in last 12 months 	Database	2



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
	<i>naming and property numbering system (street addressing system) – Operational Guidelines</i>		Specifications for database in Program Operations Manual If the above exist, score = 2; If not, score = 0		
		% of urban streets that are named and addressed	<ul style="list-style-type: none"> In principal urban area, X% of motorable streets have been named <p>If $X \geq 75$, score = 3 If $X = 50-74$, score = 1 If $X \leq 49$, score = 0</p>	Maps Database	3
	Monitoring of solid waste and solid waste management (SWM) ⁴⁹	MA has baseline data on solid waste generated and disposed (solid waste management in principal urban area), updates the solid waste generated and disposed annually; and issues an annual report on SW and SWM	<p>Step 1: SW baseline survey and mapping undertaken Step 2a: SW annual update of baseline survey and mapping Step 2b: Annual report on SW generated, collected and disposed</p> <p>With respect to the above, MA has:</p> <ul style="list-style-type: none"> mapped existing neighborhoods and zones within its urban areas identified and mapped types of waste in each neighborhood/zone identified and mapped existing solid waste pre-collection methods in each neighborhood/zone identified and mapped intermediary waste collection sites (official and un-official) in each neighborhood or zone identified current methods and organization of waste collection and transport for each neighborhood or zone identified waste disposal sites and waste disposal methods estimated waste generation, waste collected and waste collection rates <p>If most or all of the above have been done by the MA, score = 6; If half of the above have been done by the MA, score = 3; Otherwise, score = 0</p>	Data base, Maps, etc. SW base line report SW Annual Reports	6
	Monitoring of basic urban services	For another basic service (e.g. sanitation, water, street lighting, electricity, etc.), MA has baseline data, annual updates, and an annual report	<p>Step 1: baseline survey and mapping undertaken of basic service X Step 2a: annual update of baseline survey and mapping of basic service X Step 2b: annual report on basic service X</p> <p>With respect to the above, MA has:</p>	Data base, Maps, etc. Baseline report Basic Urban Services Reports	6

⁴⁹ Guidelines and templates for solid waste management monitoring in Program Operations Manual



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
			<ul style="list-style-type: none"> mapped existing neighborhoods and zones within its urban areas identified and mapped types of X in each neighborhood/zone identified and mapped existing X In each neighborhood/zone identified current methods and organization of basic service X for each neighborhood/zone identified basic service X providers estimated coverage of basic service X and estimated basic service provision deficits in each neighborhood/zone <p>Evaluation (APA team): - If most or all of the above have been done by the MA, score = 6; If half of the above have been done by the MA, score = 3; Otherwise, score = 0</p> <p>Guidelines and templates for monitoring basic services in Program Operations Manual</p>		
Urban Management Performance Area 1 - Urban planning and services score					25
Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
Urban economic development and competitiveness.	MA engages with private sector to promote local economic development.	Business inventory established and updated	<p>With respect to local businesses/firms, MA has established an inventory of businesses and firms, categorizing by business type/sector, employment, ownership, history, contacts, etc.</p> <p>If the above, score = 2.5; If not, score = 0</p> <p>Guidelines and templates business inventory in Program Operations Manual</p>	Inventory Reports	2.5
		Annual MA forum with Chamber of Commerce and other business groups	<p>In the last 12 months, MA has organized and held a local economic development forum with representatives of the local private sector community to discuss economic growth, job creation and MA actions to facilitate business development and economic growth</p> <p>If the above, score = 4; If not, score = 0</p> <p>Guidelines on forum in Program Operations Manual</p>	Minutes of forum List of invitees Reports	4
		<ul style="list-style-type: none"> MA business liaison unit established and functional 	<ul style="list-style-type: none"> MA has designated an official focal point to act as a business liaison unit with the private sector 	Reports Letter of appointment	3



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
			<ul style="list-style-type: none"> MA business liaison unit is operational and has provided annual activities report to the MA <p>If the unit exist and functional, score = 3; If not, score = 0</p>	for focal point	
	MA plans to promote private sector development	<ul style="list-style-type: none"> Annual MA business support action plan drafted, implemented and reviewed 	<ul style="list-style-type: none"> MA has developed an annual business support action plan to facilitate economic growth and private sector activities MA has reviewed and updated its annual business support action plan <p>If the above, score = 3; If not, score = 0</p> <p>Template to be included in POM</p>	Annual business support action plan Reports	3
Urban Management Performance Area 2 - Urban economic development and competitiveness					12.5
Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
Sustainable urban systems	MA spatial database	<ul style="list-style-type: none"> MA has an updated spatial database for its urban area 	<ul style="list-style-type: none"> MA has a spatial database (map) for urban area showing: <ul style="list-style-type: none"> (a) Street names and property addresses (SNPA) (b) Unique Parcel Numbers (UPNs) MA urban area spatial database is reviewed and updated annually <p>If the above, score = 3.5; If not, score = 0</p>	Spatial database and maps SNPA files UPN files	3.5
	Property rate administration See LGSS documents: <ul style="list-style-type: none"> LGSS (June 2016): <i>Internally Generated Funds – Strategy and Guidelines</i> LGSS (August 2014): <i>Revenue Mobilization Handbook for MMDAs in Ghana</i> 	<ul style="list-style-type: none"> Establish computerized property rate roll for urban area(s): Set annual property rates Update property tax roll for urban area(s) 	<ul style="list-style-type: none"> Property data from property rate/valuation rolls is matched (cross-referenced) with property addressing database(SNPA) <ul style="list-style-type: none"> Address/location of property Name of owner/caretaker Valuation Applicable property rate Property rate/valuation roll is computerized Property valuations are updated annually by LVD or by MA estimations Property rates are updated annually (MA decision on rates, calculation of property rates for each property, update of property tax/valuation roll) <p>If all of the above, score = 5; If not, score = 0</p>	Property valuation rolls MA meetings to set rates Software operations	5
		<ul style="list-style-type: none"> Establish computerized property rates billing 	<ul style="list-style-type: none"> Property rates bills generated on basis of property tax/valuation roll 	Software Billing notices and	3



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
		<ul style="list-style-type: none"> system, linked to property rate roll Deliver bills to all property owners <u>before</u> December 31 	<ul style="list-style-type: none"> Computerized billing system is linked to computerized property rates/valuation roll Property rates bills are successfully delivered to <u>100% of property owners before 31 December</u> <p>If all of the above, score = 3; If not, score = 0</p>	records	
	Business operating licenses See LGSS documents: <ul style="list-style-type: none"> LGSS (June 2016): <i>Internally Generated Funds – Strategy and Guidelines</i> LGSS (August 2014): <i>Revenue Mobilization Handbook for MMDAs in Ghana</i> 	<ul style="list-style-type: none"> Establish and update register of businesses: <ul style="list-style-type: none"> Address/location of business Owner of business Type of business Applicable license rate 	<ul style="list-style-type: none"> Business registry data is matched (cross-referenced) with property addressing database(SNPA), namely (i) Address, and (ii) Name of business owner Business register is updated annually: (i) to include new businesses and delete defunct businesses, and (ii) to include current business license rates <p>If all of the above, score = 3; If not, score = 0</p>	Database Business registry	3
		<ul style="list-style-type: none"> Establish computerized business license billing system, linked to business register Deliver bills to all businesses <u>before</u> December 31 	<ul style="list-style-type: none"> Computerized billing system is linked to computerized business register Property rates bills are successfully delivered to <u>100% of registered businesses by 31 December</u> <p>If all of the above, score = 3; If not, score = 0</p>	Software in operation Billing notices and records	3
	Rates payments system See LGSS documents: <ul style="list-style-type: none"> LGSS (June 2016): <i>Internally Generated Funds – Strategy and Guidelines</i> LGSS (August 2014): <i>Revenue Mobilization Handbook for MMDAs in Ghana</i> 	<ul style="list-style-type: none"> Establish two or more payment points/options in urban area 	<ul style="list-style-type: none"> Two rates payment options (Score = 1) Three rates payment options (Score = 2) Four or more rates payment options (Score = 3) 	Reports Rates bills cite payment options	3
	Enforcement of property rates and business licensing See LGSS documents:	<ul style="list-style-type: none"> Enforcement actions taken for at least 50% of defaulters (non-payment by end of FY) 	<ul style="list-style-type: none"> MA issues <u>first</u> reminders to 90% of non-payers within 2 months of payment date <p>If 90% first reminder issued, score = 3; else score 0</p>	Billing system Reminders/notifications Reports	5



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
	<ul style="list-style-type: none"> LGSS (June 2016): <i>Internally Generated Funds – Strategy and Guidelines</i> LGSS (August 2014): <i>Revenue Mobilization Handbook for MMDAs in Ghana</i> 		<ul style="list-style-type: none"> MA issues <u>second</u> reminders to all non-payers within 4 months of payment date. <p>If second reminder issued within 4 months, score = 2; else score 0.</p>		
	Drainage maintenance	<ul style="list-style-type: none"> MAs will be assessed with respect to: <ul style="list-style-type: none"> their mapping and identification of municipal drainage networks annual plans and budgets for maintaining such systems and plan/budget execution 	<ul style="list-style-type: none"> MA has mapped out and updated secondary and tertiary drainage networks in urban area Annually: MA has identified and prioritized key maintenance actions for secondary and tertiary drainage networks MA has annual maintenance plan for secondary and tertiary drainage networks MA has reviewed implementation of annual drainage maintenance plan <p>If all of the above, score = 4; If not, score = 0</p> <p>Guidelines and templates in Program Operations Manual</p>	Reports Plans Maps	4
	Urban road maintenance	<ul style="list-style-type: none"> MAs will be assessed with respect to: <ul style="list-style-type: none"> their mapping and identification of municipal road networks annual plans and budgets for maintaining such systems and plan/budget execution 	<ul style="list-style-type: none"> MA has mapped out and updated primary and secondary road networks in its urban area Annually: MA has identified and prioritized key maintenance actions for secondary road networks MA has annual maintenance plan for secondary road networks MA has reviewed implementation of annual road maintenance plan <p>If all of the above, score = 4; If not, score = 0</p> <p>Guidelines and templates in Program Operations Manual</p>	Reports Plans Maps	4
	Maintenance of pedestrian walk ways networks	<ul style="list-style-type: none"> MAs will be assessed with respect to: <ul style="list-style-type: none"> their mapping and identification of pedestrian walk ways networks 	<ul style="list-style-type: none"> MA has mapped out and updated pedestrian walk ways networks in urban area Annually: MA has identified and prioritized key maintenance actions for pedestrian walk ways networks MA has annual maintenance plan for pedestrian walk ways networks 	Reports Plans Maps	4



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
		<ul style="list-style-type: none"> annual plans and budgets for maintaining these, and plan/budget execution. 	<ul style="list-style-type: none"> MA has reviewed implementation of annual pedestrian walk ways maintenance plan <p>If all of the above, score = 4; If not, score = 0</p> <p>Guidelines and templates in Program Operations Manual</p>		
Urban Management Performance Area 3 - Sustainable Urban Systems					37.5
Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
Urban infrastructure and service delivery	Efficiency of infrastructure projects	<ul style="list-style-type: none"> Timeliness of delivery (measuring actual progress against planned implementation) <p>Assessment of the progress of works against time</p>	<ul style="list-style-type: none"> Physical progress lag (UDG projects) – (difference between the planned as derived from the current approved <u>revised</u> work program and actual physical progress) - (5 Marks) <p>Physical lag: ≤ 5% - score 5 >5% - ≤ 10% - score 4 >10% - ≤ 20% - score 3 >20% - ≤ 25% - score 2 >25% - ≤ 30% - score 1 > 30% - score 0</p> <p>To be assessed by determining the physical progress lag as the difference between planned physical progress and actual physical progress as at the time of assessment.</p>	Design documents Procurement documents Work program	5
		<ul style="list-style-type: none"> Adequacy of supervision and control in contract management <p>Review of the contract supervision and monitoring arrangements.</p>	<ul style="list-style-type: none"> % of quality progress reports prepared (2 Marks) 100% reports – score 2; else – 0 Presence of supervisors as in contract (minutes of site meetings) - (1 Marks) Supervisors present – 1; Absent – 0 <p>To be assessed by examining the number and quality of progress reports prepared, availability of minutes of site meetings, comparison of approved supervising personnel with personnel involved in the supervision of the works and comparison of approved equipment with equipment found on site.</p>	Site meetings records Supervisor monthly progress reports Notice to correct to contractor by supervision consultant	3
		<ul style="list-style-type: none"> Linkages between contract payments and contract management <p>An evaluation of the</p>	<ul style="list-style-type: none"> Payments made on basis of correct invoicing and with proper documentation: (2 Marks) <p>All payments made as per contract and with appropriate documentation – 2; Otherwise – 0</p>	Measurement sheets Interim payments certificates (IPCs) (i) dates of submission of	5



Performance Area	Performance Benchmark	Indicators	Information source, Assessment basis and Scoring	Means of Verification	Max Score
		existence and effectiveness of internal controls for certification and payment of executed works	<ul style="list-style-type: none">Timeliness in payment of contractors (2 Marks) Payment within contractual provision – 2; Otherwise – 0Total payments within contract value - (1 Marks) Total payments within contract value – 1; Otherwise – 0 <p>To be assessed by checking for the availability of detailed measurement sheets, comparison of certified amounts with the amounts paid out, quantity verification through comparison of certified quantities with measured quantities, assessing timeliness of payments by determining any delays in the payment for executed works/services and materials supplied.</p>	IPC by contractor to supervisor, (ii) time taken for IPC to be reviewed and certified by supervising consultant for payment, (iii) time taken by client to effect payment of approved IPC.	
	Effectiveness of infrastructure projects	<ul style="list-style-type: none">The quality of infrastructure	<ul style="list-style-type: none">% conformance of site works to design drawings and physical specifications (4 Marks) 100% conformance – 4 99% - ≥80% – 2 79% - ≥60% – 1 less than 60% – 0Presence of defects from visual observations (2 Marks) No defects observed – 2; Minor defects observed – 1; Major defects observed – 0		6
		<ul style="list-style-type: none">The use of completed infrastructure/investment projects - fully utilization within 6 months of completion).	<ul style="list-style-type: none">Observed functionality and usage (6 Marks) Functioning and used as intended – 6; below – pro-rata basing on team evaluation		6
Urban Management Performance Area - Urban infrastructure and service delivery					25
Overall Urban Performance Benchmarks scores					100



ANNEX 3. SUMMARY TECHNICAL ASSESSMENT

COUNTRY: Ghana

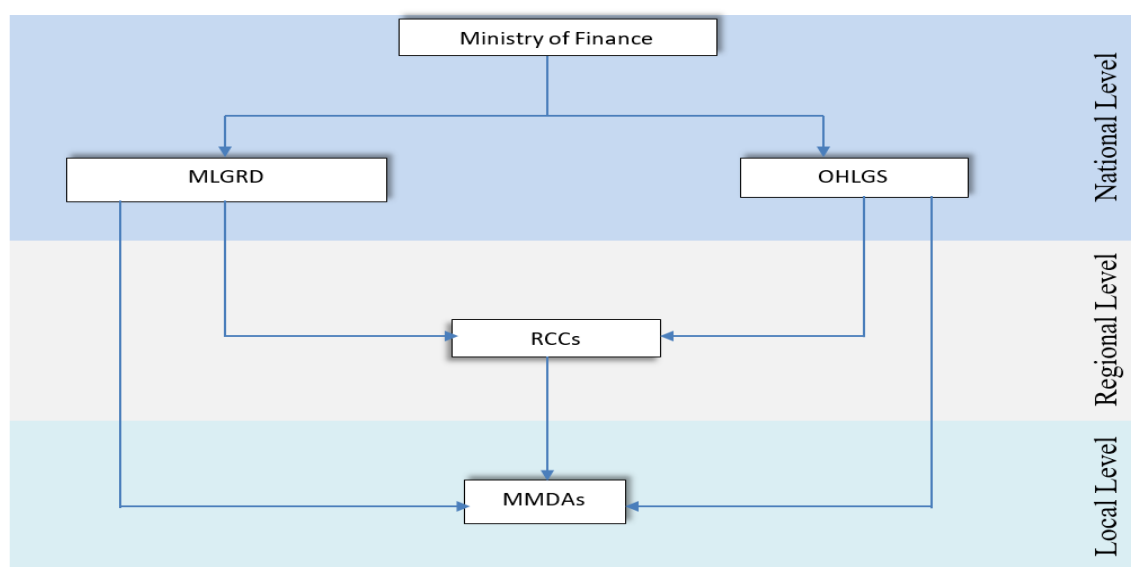
Ghana Secondary Cities Support Program

A. Detailed Program Description

Context

1. **Local Governments in Ghana are being managed under the Decentralization policy which is enshrined in the 1992 Constitution.** The Government's national decentralization policy framework (NDPF) and its associated national decentralization action plan (NDAP) is the over-arching programmatic framework within which the proposed Program is situated.
2. **Under the decentralization policy frame work there are three levels of governance, namely central government (comprising Ministries, Departments and Agencies MDAs), regional governments comprising Regional Coordinating Councils (RCCs); and local governments comprising Metros, Municipalities, and Districts Assemblies (MMDAs).** In total, there are currently 254 MMDAs: 114 Districts Assemblies (DAs), 104 Municipal Assemblies (MAs) and 6 Metros. The key central government MDAs directly responsible for the management of MMDAs are the Ministry of Finance (the exchequer); the MLGRD – responsible for policy oversight and compliance, the OHLGS – responsible for the overall human resource development (HRD), recruitment, promotion, deployment, transfers and disciplining of all staff of subnational governments (Regional as well as MMDAs). At the Regional level, the Regional Coordinating Council (RCC) is responsible for providing back-stopping support and mentoring of all MMDAs in their jurisdiction. The schematic diagram (organogram) below shows the relationship and linkages between the governance institution in Ghana under the decentralization policy framework.

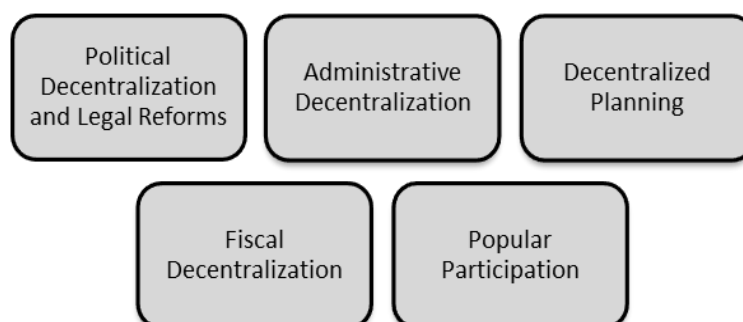
Figure 1: Program Institutional arrangements





The NDPF identifies five thematic action areas, as shown in the figure below:

Figure 2: NDPF action areas



3. **The National Urban Policy Framework (NUPF) and its associated action plan provide a set of more technical parameters for the urban sector (and thus for the proposed Program).** The NUPF identifies 12 policy objectives⁵⁰ and a range of appropriate policy measures.

4. **Government has used many modalities to finance its program.** Since 2008, all MMDAs have been financed through a performance-based grants system known as the District Development Facility (DDF). DDF grants have been allocated to MMDAs as a function of their compliance with a set of Minimum Conditions (MCs) and their scoring with respect to a larger set of Performance Measures (PMs). Although the DDF has now been wound up, its principles are incorporated into a successor facility, the Responsiveness Factor Grant (RFG), to be financed (from 2018 onwards) by the District Assemblies' Common Fund (DACF) and those development partners committed to Ghana's decentralization SWAp. The RFG allocation is based on the performance scores for each MMDAs based on the District Assembly Performance Assessment Tool (DPAT) assessment scores. The Program will complement the GoG RFG window with a focus on secondary cities, which is a subset of the 104 MAs.

Ghana Secondary Cities Support Program (GSCSP)

Program Scope

5. **Program Development Objective (PDO)** – “to improve urban management and basic urban services in participating Municipal Assemblies”.

6. **Program amount and period** – The Program will be US\$261 million of which IDA funding will be US\$100 million and GoG parallel financing through the RFG window to the Program MAs will be US\$161 million. The Program will be implemented over a five-year period (FY 2019 – FY 2023)

⁵⁰ (i) Facilitate balanced re-distribution of urban population; (ii) Promote a spatially integrated hierarchy of urban centers; (iii) Promote urban economic development; (iv) Improve environmental quality of urban life; (v) Ensure effective planning and management of urban growth and sprawl, especially of the primate cities and other large urban centers; (vi) Ensure efficient urban infrastructure and service delivery; (vii) Improve access to adequate and affordable low-income housing; (viii) Promote urban safety and security; (ix) Strengthen urban governance; (x) Promote climate change adaptation and mitigation mechanisms; (xi) Strengthen applied research in urban and regional development; and (xii) Expand sources of funding for urban development and strengthen urban financial management



7. **Program scope and coverage** – 25 secondary cities (MAs) namely: Suame; Old Tafo; Asokwa; Obuasi; (**Ashanti Region**); Berekum; Sunyani; Techiman (**Brong Ahafo Region**); Awutu Senya East; Agona West; Mfantseman; Dormaa (**Central Region**); Lower Manya Krobo; New Juaben South; Birim Central; East Akim (Abuakwa South) (**Eastern Region**); Sagnerigu; East Mamprusi; East Gonja; (**Northern Region**); Bawku; Bolgatanga (**Upper East Region**); Wa (**Upper West Region**) Ho; Hohoe (**Volta Region**) and Effia-Kwesimintsim; Sefwi Wiawso (**Western Region**). Program scope and coverage to more MAs can be expanded when more resources have been identified and made available to maintain the desired Program results and impact.

8. **Justification for choosing the 25 MAs** - Although there are currently 104 MAs, GSCSP as a PforR Program will be implemented in the above 25 MAs. These 25 MAs were chosen because (i) they represent regional balance⁵¹, (ii) meet the population threshold for secondary cities (at least 60% urban with population of 100,000 – 250,000 people), and (iii) the current GoG RFG program does not provide them with adequate funds to meet their strategic infrastructure investment needs (see Section IV: A). The remaining 79 MAs, will join the Program later given availability of additional resources.

Expenditures

9. **GSCSP will finance two major areas of activity at the MA level**, namely (i) urban infrastructure investments with associated investments servicing costs (engineering design, preparation of bidding documents and supervision); and (ii) capacity support activities to strengthen the institutional capacities of the MLGRD/OHLGS, RCCs and the Program MAs for the achievement of the Program development objectives and results. Over the Program period, US\$106 million (IDA US\$90 million and GoG US\$16 million through parallel funding from the RFG) will be transferred to the 25 MAs. The government funding of US\$161 million will provide parallel funding for the RFG, of which US\$ 16 million to the Program MAs. The IDA US\$90 million will comprise of UDG of US\$ 87 million for infrastructure investments and US\$3 million as MAs' CSG. The balance of US\$10 million will be shared between RCCs (US\$3 million), the MLGRD (US\$5 million) and OHLGS (US\$2 million) for DPAT annual assessment and Program management and M&E by the MLGRD, support to capacity building activities for urban development and management by RCCs and OHLGS.

10. **Urban infrastructure investments activities**– The Program will provide an enhanced UDG at a maximum of US\$15 per urban population per capita for infrastructure investments to the 25 MAs. Under the Program, the average per capita allocation per MA will gradually increase from the current US\$2 under the government RFG to US\$15 under the Program. The objective of the enhancement in the UDG is to allow the participating MAs to provide improved urban services consistent with their urban mandates under the LGs' Act 2016. Program MAs will access the enhanced UDG window based on them meeting the minimum access criteria (scoring up to the DPAT national score average) and will also be rewarded based on their urban performances marks (PBs) as assessed by an independent firm every year. The government assessment tool (FOAT) has been revised and enhanced into DPAT. In addition, to take into consideration the increase in the per capita allocation under the Program, an additional urban performance benchmark has been added to enhance MAs capacities.

11. **To achieve the intended Program impact, the investments activities to be funded by the UDG**

⁵¹ The criteria take into account the regional balance, and the possibility of creation of six new Regions, and ensure at least an MA from each Region, either a regional capital or a large MA.



will be limited to a few sub-sets of infrastructure works, consistent with urban service delivery mandate⁵². MLGRD will coordinate support and inputs from the relevant MDAs such as LUSPA, EPA and LVD with respect to various activities to be funded under the Program. Program execution will be contracted out through open competitive bidding to competent firms in line with government policy. As in the government program, MAs may use part of the Program funds to procure consultancy services for preparation of engineering designs, preparation of bidding documents, and supervision.

12. The sub-set of investment activities eligible for funding under the Program are presented in the table below and are consistent with the mandates of MAs under the Local Governance Act 2016, (Act 936).

Table 1: UDG eligible and non-eligible investment/expenditure menu

C. ELIGIBLE INVESTMENTS & EXPENDITURES	
Urban functional area	Indicative investments
6. Waste management (liquid and solid)	Solid waste: collection equipment, collection bins, transfer stations, collection points (construction of sanitary landfill excluded) Liquid waste: sludge ponds, community septic tanks, vacuum trucks, vacuum handcarts, and others
7. Storm water drainage	Urban drainage systems; flood control systems
8. Connectivity	Urban roads, pedestrian walkways and bicycle paths, paved area, roundabout, street and security lights ⁵³ and road signs
9. Urban social and economic infrastructure	Urban market facilities, transport depots, basic infrastructure for industrial estates, bus terminals, urban parks and greenery ⁵⁴
10. Disaster management	Fire control stations, disaster management equipment (firefighting trucks, rehabilitation and/or construction of new firefighting station and facilities), flood-protection infrastructure (e.g. reinforcement of levees, physical or natural reinforcement)
General	
(g) Proposed investments must be included in the annual MA Investment Plan	
(h) Investments can include both rehabilitation and construction of new infrastructure and capital investments.	
(i) To avoid the fragmentation of urban investments (and limit procurement efforts), investment projects are subject to a <u>minimum</u> investment of US\$0.5 million; or, if less than US\$0.5 million, the total UDG allocation to the MA in question.	
(j) At least 80 percent of the UDG shall be spent on <u>non</u> -moveable infrastructure assets.	
(k) In order to finance investment preparation and implementation costs, MAs shall be permitted to spend part of their UDG allocations on the design, costing and supervision of investment projects, and M&E.	
(l) Siting, design, construction and implementation of all physical infrastructure must consider risk map/disaster risk management plan/climate change impact assessment and integrate measures to	

⁵² Eligible infrastructures to be funded under the Program were agreed through consultative meetings with Government and the participating MAs.

⁵³ including solar street lights, where applicable

⁵⁴ including re-establishment of natural flood plains and vegetation, where applicable



make them resilient to climate change and disaster impact (as per the *Urban Resilience Guideline and Checklist* in POM).

- Siting and construction: Steps should be taken to screen location of physical infrastructure to minimize exposure to disasters (flood, drought, fire, soil erosion, etc.)
- Design and implementation: e.g. sanitation and solid waste management facilities should consider waste segregation, treatment, and reduce contamination of water sources in the event of flooding or other disasters.

D. NON-ELIGIBLE INVESTMENTS & EXPENDITURES

- e) Any investment projects that trigger World Bank Safeguards Category A.
- f) Any investments that should be financed out of non-public resources
- g) The following types of public investment:
 - a. Vehicles
 - b. Public health facilities of any kind
 - c. Agricultural/livestock/fisheries/forestry facilities or inputs
 - d. Office buildings.
 - e. Police stations
- h) Not more than 10 percent of the UDG is to be spent on moveable assets (for example, equipment).

13. **The above list of indicative eligible investments is not intended to be exhaustive.** MAs will have discretion to finance other types of investment, if these do not include items on the non-eligible list.

14. **The MAs will be required to prepare the various sub-projects to be funded under the Program in a participatory manner, with involvement of its citizenry.** Since MAs have great funding gaps in core infrastructure areas; they will be encouraged to finance a few larger tangible sub-projects of not less than US\$0.5 million per FY, to ensure that funds are not fragmented into large number of (often) non-completed projects. To ensure transparency and accountability, the sub-projects to be funded under the Program must be included in the MA development plan, which means it has gone through the normal MA approval process and provided for in the annual budget. Each sub-project will be screened by the municipal technical officers using the screening criteria which are presented in the table below.

Table 2: Sub-project screening criteria under the Program

- Municipal needs and a wide number of beneficiaries with gender balance;
- Economic impact – sub-projects which have large urban local economic development impact;
- Spatial location of the investments to ensure equity across the MA;
- Linkage to the physical plan and the spatial development;
- Capacity for O&M and support instruments in place to ensure future sustainability;
- Consultations with sectors on the links with sector plans, investments and prioritization;
- Technical viability of sub-projects design – implementability;
- Adequate funding for project implementation, completion and functionality (usage);
- Environmental and social impact screening; and the ESMP and RAP cost implications;
- Linkage to the risk map/disaster risk management plan/climate change impact assessment;
- Adherence to the *Urban Resilience Guideline and Checklist* in POM
- Adherence to the Land Acquisition Framework.

15. **MAs urban Performance Benchmarks (PBs), an addition to the DPAT, are intended to provide MAs with the incentives to improve their urban management capacities.** Achieving high scores in the



PBs implies that MAs are actually becoming more effective as urban managers and engaging with issues such as long term spatial planning, the provision of municipal services, facilitation of local economic development (and job creation), maintaining municipal assets, ensuring financial sustainability, and delivering good infrastructure and services.

16. **Maximum UDG per urban population per capita allocation in a year to an MA is US\$15 of which US\$3 is for meeting the DPAT annual national average score and US\$ 12 is for urban PBs.** However, the actual amount allocated in any given year will depend on an individual MA's scoring at least up to the national average score under the DPAT and its performance, as measured by its achievement of PBs⁵⁵. The more PBs that an MA achieves, the greater will be its annual UDG allocation. PBs will cover 4 areas, as shown in table below.

Table 3: UDGs – Performance Benchmarks

Performance area	Maximum score %	Maximum \$ per capita	UDG share
Urban planning and services	25.0	3.00	Urban management
Urban economic development and competitiveness	12.5	1.50	
Sustainable urban systems	37.5	4.50	
Urban infrastructure delivery (from year 2 onwards)	25.0	3.00	Infrastructure Service Delivery
Total score	100.0	12.00	

17. **In summary, the allocation of the UDG to the participating MAs will be a maximum of US\$15 million a year** and will be based on the government DPAT annual national average score and the performance benchmarks scores.

Share	US\$ per capita	Basis for allocation of share
Qualification share (MC) – DPAT national score	\$3.0	Allocated upon MA compliance with UDG Minimum Conditions (DPAT national average score)
Urban management share	\$9.0	Allocated on basis of MA score for Urban Management Performance Benchmarks
Infrastructure/service delivery (ISD) share	\$3.0	Allocated on basis of MA score for Infrastructure/Service Delivery Performance Benchmarks (begins in year 2)
All shares	\$15.0	

18. **The table below gives the Indicative Planning Figure (IPFs) for the UDG under the Program to the participating MAs over the Program period.** This IPF assumes that all the MAs have met the minimum conditions (national average DPAT score) and all have scored the maximum points in the urban performance benchmark. The actual allocation to each municipality will be determined by the actual scores for each of the DLIs 2 to 4 so as to provide the necessary incentives for institutional improvement as well as improvement in urban infrastructure services.

⁵⁵ The Program Operational Manual (POM) will provide detailed guidance on assessing MA achievement of Performance Benchmarks and on scoring.



Table 4: Maximum annual UDG allocations to participating MAs (US\$)

No	Region	Municipal Assembly (MA)	Population projection (2018)	Urban Population	Annual UDG IPFs (Maximum)
1	Ashanti	Suame	191,649	191,649	2,874,735
2	Ashanti	Old Tafo	173,607	173,607	2,604,105
3	Ashanti	Asokwa	166,637	166,637	2,499,555
4	Western	Effia-Kwesimintsim	232,617	225,638	3,384,577
5	Central	Awutu Senya East	127,689	120,028	1,800,415
6	Eastern	New Juaben South	222,459	206,887	3,103,303
7	Ashanti	Obuasi	198,904	169,068	2,536,026
8	Eastern	Lower Manya	108,049	90,761	1,361,417
9	Brong Ahafo	Sunyani	147,982	122,825	1,842,376
10	Central	Agona West	134,245	103,369	1,550,530
11	Eastern	Birim Central	174,807	118,869	1,783,031
12	Brong Ahafo	Berekum East	156,349	103,190	1,547,855
13	Upper West	Wa	126,609	83,562	1,253,429
14	Central	Mfantseman	158,033	102,721	1,540,822
15	Brong Ahafo	Techiman	178,691	114,362	1,715,434
16	Upper East	Bawku	116,912	74,824	1,122,355
17	Northern	Sagnerigu	175,321	110,452	1,656,783
18	Volta	Ho	213,960	132,655	1,989,828
19	Eastern	East Akim (Abuakwa South)	203,403	122,042	1,830,627
20	Volta	Hohoe	201,190	106,631	1,599,461
21	Upper East	Bolgatanga	156,678	78,339	1,175,085
22	Brong Ahafo	Dormaa	136,812	53,357	800,350
23	Western	Sefwi Wiawso	178,387	64,219	963,290
24	Nothorn	East Mamprusi	146,569	46,902	703,531
25	Nothorn	East Gonja	164,513	31,257	468,862
Total	9	25	4,192,072	2,913,852	43,707,783

Capacity Building and Strengthening

19. **Capacity building and systems strengthening activities** - The Program will support capacity building activities focusing on strengthening the institutional capacities of the participating MAs, RCCs, MLGRD and OHLGS for improved urban management and development. These activities will respond to the capacity building needs of the MAs under the Program, as well as those for RCCs, MLGRD and OHLGS to perform their overarching mandate for urban development within the overarching NDPF/NDAP and the NUPF/UDAP.

20. **Capacity building of MAs.** The Program will support capacity enhancement at the MAs, in addition to the general MMDAs performance improvements under DPAT, related to the following four urban performance improvement benchmarks:

- Urban planning and services
- Urban economic development and competitiveness
- Sustainable urban systems – revenues administration



- Sustainable urban systems – maintenance

21. **MA capacity building will be provided through three main avenues.** First, using funds allocated under the capacity support grant (CSG) from DLI 1, MAs will procure basic equipment, systems and access demand driven capacity building support, which should be linked to improving their performance scores both in the DPAT as well as the urban performance benchmarks under the Program. These activities will be detailed in the MAs annual capacity-building plans which will be formulated on the same timing cycle as their development plans. These plans – a format for which will be provided in the Program Operation Manual - will specify all intended training courses and activities, equipment and systems purchases, the budget for each, and the execution timeframe. In terms of the CSG rules, funding may be spent on activities summarized in the table below:

Table 5: CSG eligible and non-eligible expenditure menu

A. ELIGIBLE EXPENDITURES	
Functional area	Indicative expenditures
1. Urban planning & services	<ul style="list-style-type: none"> • Spatial planning activities • GIS mapping instruments • Street addressing • Service delivery monitoring • Investment planning improvements
2. Urban economic development and competitiveness	<ul style="list-style-type: none"> • Workshops and consultative meetings between MA and private sector • Mapping of economic activities and private sector actors • Surveys of local businesses • Support preparation of MA LED plan
3. Sustainable urban systems – revenues	<ul style="list-style-type: none"> • GIS mapping instruments • Development of revenue databases • Development of modernized billing systems • Street and property addressing • Property valuation and updates
4. Sustainable urban systems – maintenance	<ul style="list-style-type: none"> • Asset mapping and inventories • Maintenance costing analyses
5. Urban resilience and disaster management	<ul style="list-style-type: none"> • Climate change impact assessment • Disaster risk assessment • Risk map • Emergency response plan
6. Other	<ul style="list-style-type: none"> • Training in the above areas
General	
<ul style="list-style-type: none"> • A maximum of 20 percent of CSG annual allocations can be used to finance the purchase of IT equipment 	
B. NON-ELIGIBLE EXPENDITURES	
<ul style="list-style-type: none"> a) Means of transport (vehicles, motorcycles) b) International travel and associated costs c) Long term training costs (for example, university degree programs) d) Recurrent costs (for example, salaries, utilities, and the like) 	



22. **Second, in addition to the above demand driven capacity building, the RCCs and the OHLGS will also provide supply driven capacity-building support to the MAs** based on national standards norms they want to see achieved as well as in direct response to the assessment scores for the MAs.

23. **RCCs will use the grants it receives under the Program to finance a wide range of capacity development initiatives and expenditure items.** The grant will be used to finance activities for monitoring, technical back-up support to MAs and to obtain goods/services that strengthen RCC capabilities to deliver their functions with respect to MAs. All the RCCs activities are encompassed within DLI 5 and will be included in the annual capacity building plan of the RCCs.

Table 6: Eligible and non-eligible expenditure for RCC grants

B. ELIGIBLE EXPENDITURES	
Functional area	Indicative expenditures
5. Monitoring & evaluation of MAs	<ul style="list-style-type: none"> Travel-related costs within the Region Communications costs within the Region
6. Backstopping and mentoring for MAs	<ul style="list-style-type: none"> On-the-job advisory services to assist MAs in preparing for annual DPAT assessments Workshops and consultative meetings between MAs and RCC Travel-related costs within the Region Communications costs within the Region
7. Technical support ⁵⁶ for MAs	<ul style="list-style-type: none"> Costs related to spatial planning Costs related to GIS support to MAs (including ICT equipment) Costs related to hiring of specialist consultants Travel-related costs within the Region Communications costs within the Region
8. Other	<ul style="list-style-type: none"> Training for MAs
General	
<ul style="list-style-type: none"> A maximum of 20% of RCC annual allocations can be used to finance the purchase of IT equipment 	
C. NON-ELIGIBLE EXPENDITURES	
a) International travel and associated costs b) Long term training costs (for example, university degree programs) c) Recurrent administrative costs (for example, salaries, utilities, regular office supplies)	

24. **MLGRD capacity:** The Program will involve capacity building at the MLGRD related to support Program execution, including conducting the annual performance assessment through contracting to an independent entity and undertaking the Program MTR. All such activities are encompassed within DLI 6 and 7 and will be included in the annual capacity building plan of the MLGRD.

25. **OHLGS capacity:** The OHLGS will provide RCCs and MAs with training and capacity support services. This will include basic training in general local government procedures, but will also cover more specialized and specific areas – such as improved revenue administration, computerization and the use of

⁵⁶ Civil engineering and public works (including roads and drainage): technical design, supervision, quality assurance, etc.; maintenance: identification of maintenance needs, maintenance planning, etc.; spatial planning and development control; property valuations and cadastral activities; mapping; Procurement; solid waste management and sanitation; local economic development; urban resilience and disaster management



ICT, monitoring of municipal services, local economic development. In addition, OHLGS will be responsible for ensuring that key staff are in place in both the MAs and RCCs.

Grievance Redress System

26. **Participating MAs and CHRAJ will coordinate complaints handling under the Program.** MAs have their own client service units (CSUs) and mechanisms for complaints handling. The Assemblies' Public Relations and Complaints Committee receives and investigates complaints made against the conduct of members and staff of the Assembly. The CHRAJ will investigate corruption allegations, breaches of the code of conduct for public officers.

27. **A partnership agreement will be established between MLGRD and CHRAJ to handle fraud and corruption.** The aim is to promote and formalize collaboration between MAs and CHRAJ in handling complaints and corruption allegations under the Program. The Agreement will also provide institutional and operational guidelines for compliance with the World Bank's governance and anti-corruption requirements on respecting the World Bank debarment list, transparent reporting and effective handling of grievances, including fraud and corruption allegations (See details in Annex 5).

Gender Mainstreaming

28. **As part of the Program design, a gender gap analysis was conducted to identify gender gaps within the selected MAs' beneficiaries and the MLGRD.** The study revealed gender gaps both at the MLGRD and the MAs. This included, unclear operational relationships and reporting lines between the Ministry of Gender Children and Social Protection (MGCSP) and MLGRD. Although there are Regional gender desk officers, there is lack of gender strategy and clear written guideline on gender. There is low capacity of the staff both at the MLGRD and MAs, lack of equipment and tools, no clear roles for the gender focal officers. The gender officers lack proper plans and budget lines to execute their roles. In addition, the grievance redress mechanism strategy is unclear except for the existence of the client service center, and monitoring and evaluation of gender activities is nonexistent at all levels.

29. **To deal with the gender challenges and close the gap, the Program will focus on** (a) coordination of gender related activities between the MGCSP, MLGRD, RCCs and the MAs; (b) development of gender strategy and guideline for urban development; (c) ensuring implementation of planned gender programs/activities as per the annual action plan; and (d) improvement in gender disaggregated reporting, monitoring and evaluation (M&E) system. The development of gender strategy and guideline for urban development as well as coordination of gender programs among government entities will be included in the PAP and POM. Implementation of gender-related programs in MAs and gender-disaggregated reporting and M&E will be monitored by DPAT assessment⁵⁷ and Program M&E database, regular reporting (quarterly report, semi-annual, and annual report) and results framework of the Program. Trainings and assistance on gender mainstreaming and M&E will also be provided to MAs through MLGRD, RCCs, and OHLGS.

⁵⁷ Three scores in gender mainstreaming section of DPAT incentivize MMDAs to have specific gender mainstreaming programs in their annual action plan and conduct gender-disaggregated data monitoring.



Disbursement Linked Indicators

30. The Program has a total of eight DLIs.

- *DLIs 1, 2, 3 and 4: “improve urban management and basic urban services in participating municipal assemblies” (US\$90 million).* These DLIs are intended to achieve three objectives i.e. (i) that MAs have the basic minimum capacities in urban management (DLI 2 – DPAT national average score); (ii) that these basic institutional capacities are enhanced during Program period to ensure sustainable, long-term improvements in urban development and management (DLI 1 – use of the CSG, DLI 3 – improved urban management performance benchmarks score); and (iii) that they deliver improved urban infrastructure using the enhanced UDG effectively, efficiently and economically to realize value for money over the life of the Program (DLI 4 – improved urban infrastructure/services). Actual annual disbursement under these DLIs is determined by MAs performances. Collectively, these four DLIs address the PDO. Performances against these four DLIs are core to the GSCSP design and overall disbursement from the World Bank under the Program.
- *DLIs 5, 6, 7 and 8: Strengthened MAs’ capacity achieved by Regional (RCCs) and central government MDAs (MLGRD/OHLGS) (US\$10 million).* These DLIs are intended to leverage the roles to be played by RCCs, MLGRD and OHLGS and other relevant central government agencies in strengthening the public-sector management capacity of MAs for urban development and management generally, but specifically for the Program implementation. However, in the FY 2018/19 when the credit becomes effective, up to US\$16.9 million will be made available as an advance. This will allow RCCs to kick start their support to MAs under the Program. The MLGRD (DLI 7) and OHLGS (DLI 8) will receive money for results delivered after July 2018 prior to the Program effectiveness.

31. **The annual Program disbursements plan** for each of the DLIs 1 – 8 is presented in the table below (US\$ million).

Table 7: Disbursement Link Indicators Annual Allocations

Disbursement Link Indicators (DLIs)	Total (US m)	%age	FY19	FY20	FY21	FY22	FY23
DLI 1: Extent to which Participating Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions	3.0	3.0%	0.95	0.95	0.95	0.15.	0.0
DLI 2: Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score	32.8	32.8%	5.7	6.0	6.4	7.2	7.5
DLI 3: Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks Targets	41.7	41.7%	-	12.5	8.6	5.9	14.7
DLI 4: Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure Services Delivery Target	12.5	12.5%	-	-	2.9	4.3	5.3
DLI 5: Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for	3.0	3.0%	0.6	0.6	0.6	0.6	0.6



Participating MAs.							
DLI 6: DPAT/APA Assessments Results Published by October 1 of each FY.	2.5	2.5%	0.5	0.5	0.5	0.5	0.5
DLI 7: Timely Allocation and Release of Program Funds to Municipal Assemblies; and Implementation of MLGRD/MDAs Annual Workplan to support Participating MAs.	2.5	2.5%	0.5	0.5	0.5	0.5	0.5
DLI 8: Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support MAs and RCCs has been implemented	2.0	2.0%	0.4	0.4	0.4	0.4	0.4
Total	100.0	100.0%	8.65	21.45	20.85	19.55	29.5

32. **DLI 1 – Extent to which Participating Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions (US\$3.0 million).** *From Year 2 onwards* MA use of previous year's CSG has been as per approved UDAP and consistent with guidelines in GSCSP Operations Manual (US\$ 3million). This DLI is intended to ensure that each MA starts thinking about urban issues and has prepared an UDAP which has at least two elements – the Municipal diagnostics, and the associated action plans. The diagnostics should include (i) description of the urban area(s) in the MA's jurisdiction, providing basic information on population, urban morphology, and socio-economic characteristics, (ii) adoption of the NUPF to MA specificities, (iii) analysis of the urban development challenges, and (iv) inventory of existing urban management instruments (spatial plans, development control mechanisms, municipal service delivery, etc.). The Actions Plan should be a three-year MA action plan which aims to address the key urban development challenges arising from the diagnostics; with an annual work plan and budget. Disbursement from the World Bank to GoG under DLI 1 will be calculated as follows:

- Total fund available under the DLI – US\$3 million.
- Allocation to each MA will be a maximum of US\$50,000 per year for a maximum of three years.
- In first year allocation to MA will be based on an MA having an UDAP.
- In year 2 and 3 allocation to MAs complying with the CSG MCs.
- In year 4 and 5 allocation will be made to only MAs which have not received fund for the total of three years.
- Actual amount to be disbursed from the World Bank to GoG will be the sum of the allocation to only compliant MAs as calculated above.

33. **DLI 2 – Extent to which Participating Municipal Assemblies have scored equal to or above the national average DPAT Score (US\$32.8 million).** This DLI is intended to ensure that each MA has at least the average national capacities in the core areas of technical, fiduciary (financial and procurement), and environmental and social with respect to local project execution. Given the enhancement in the existing government DPAT performance assessment tool, it is envisaged that the capacities of the participating MAs will increase incrementally over the Program period for urban management. An MA which scores at least up to the average national DPAT score will be entitled to receive US\$3 per urban population per capita - 20% of the UDG maximum allocation of US\$15 per urban population per capita.

34. **Disbursements to participating MAs under DLI 2 will be based on their annual DPAT results, as measured by an independent (third party) using the national DPAT assessment.** The DPAT covers the



following thematic areas:

- Functional Capacity of the Assembly
- Planning and Budgeting
- Financial Management and Accounting
- Public Procurement
- Plan Implementation
- Social inclusion and Service Delivery
- Environment and Climate Change
- Capacity Building
- Sanitation
- Local Economic Development
- Total score/weighting

35. The institutional performance improvement in the above thematic areas will be scored out of a total of 100 points. Disbursement from the World Bank to GoG and MAs will follow the following steps:

- i. MAs which have scored at least up to the national DPAT average score in the previous FY;
- ii. The total DLI pool will be determined based on the total urban population of MAs which met the requirement (i) above multiplied by US\$3 per urban population. Note that MAs which do not meet this minimum requirement may only qualify for the CSG and will be eligible to try again the following year(s).
- iii. Disbursement from the World Bank to GoG will be made provided that previous disbursements from GoG to MAs have all been made.

36. Step 1 – determination of the DLI 2 annual pool - Depending on the total number of Program MAs that meet the annual national DPAT average score, the annual pool for DLI 2 will be calculated on the aggregate urban population of those MAs that have scored at least up to the national DPAT average score at US\$3 per urban population per capita.

37. Step 2 - determination of DLI 2 disbursement from GoG to each MA –Only those MAs which have scored up to the average national DPAT score will be eligible to receive funding under DLI 2. The amount each MA will received will be the total urban population of that MA multiplied by US\$3 per urban population per capita.

38. DLI 3 – Extent to which Participating Municipal Assemblies have achieved Urban Performance Benchmarks Targets (US\$41.7 million). This DLI will focus on incentivizing Program MAs to become better urban managers by at least starting to focus on four urban issues namely:

- **Urban planning and services** - use and application of spatial planning instruments, street addressing, monitoring of solid waste and solid waste management (SWM), water and sanitation services, and monitoring of basic urban services;
- **Urban economic development and competitiveness** - MA engages with private sector to promote local economic development (LED); MA plans to promote private sector development, MA annual investments are appraised in terms of their potential impact on LED;
- **Sustainable urban systems** - MA spatial database/map, property tax administration, business operating licenses, rates/taxes payments system, enforcement of property rates and business



licensing, drainage maintenance, urban road maintenance, maintenance of pedestrian access networks

- **Urban infrastructure (applicable to investments funded out of UDG allocations)** - Use of UDGs in terms of efficiency of infrastructure projects (timely delivery, proper supervision/control, and contract management)

39. **The maximum UDG allocation per year under DLI 3 is US\$9 per urban population per capita.** Disbursements to participating MAs under DLI 3 will be based on MAs' annual performance benchmarks scores, as measured by an independent (third party) using the assessment tool in annex 3 – part of the verification tool. The achievements of the MA performance benchmarks will be scored out of a total of 100 points.

40. **Disbursement for DLI 3 from the World Bank to GoG and MAs will follow the following steps:**

- i. MAs which have met the requirement under DLI 2;
- ii. Average performance benchmarks score of all Program MAs (i.e. total performance benchmarks scores of all Program MAs divided by the number of Program MAs).

41. **Step 1 - Determination of the DLI 3 annual amount (the pool)** - The pool of funds from the World Bank to GoG and MAs under DLI 3 will be determined based on the following annual urban performance benchmarks targets scores:

- FY 2019 - NA
- FY 2020 – target average score of 31% (US\$ 5.5 million)
- FY 2021 – target average score of 45% (US\$8.6 million)
- FY 2022 – target average score of 60% (US\$12.9 million)
- FY 2023 – target average score of 65% (US\$14.7 million)

42. **Step 2 – determination of DLI 3 disbursement from GoG to each MA** – Disbursement from the World Bank to GoG will be made provided that previous disbursements from GoG to MAs have all been made. Depending on the average MAs' performance benchmarks target score for DLI 3, there are two possible outcomes regarding the pool of funds to be made available under this DLI:

- Option 1 – If some of the MAs have scored less than the annual average score for the year target, then those MAs will receive less than US\$9 per urban population per capita, adjusted on a pro-rata basis.
- Option 2 - If the average score for all the MAs is equal to or more than the year target, then the allocation for DLI 3 will be the full maximum amount of US\$9 per urban population per capita for all the MAs.

43. **The DLI 4 – Extent to which Participating Municipal Assemblies have implemented the Annual Infrastructure Services Delivery Target (US\$12.5 million).** This DLI, with a maximum allocation of US\$3 per urban population per capita, will focus on the delivery of urban infrastructure by the MAs under the Program. In addition to the MA performance benchmarks, this is one of the Program results areas since the MAs' capacities are being strengthened to make them be able to improve urban services in their localities. Since infrastructure delivery usually has a time lag, the measure of the performance target



under DLI 4 will only begin in the second year of the Program implementation, and will influence disbursement from the third year onwards.

44. **Disbursements to participating MAs under DLI 4 will be based on their annual infrastructure delivery, as measured by an independent (third party) using Program assessment tool attached in Annex 2.** The achievements of the infrastructure target by each MA will be scored out of a total of 100 points. The verification will be through a comparison of the municipal annual work-plans for investment with the actual execution rate of the (sub)-projects, funded under the Program. Hence, for projects not yet fully completed, the IVA will review the progress on the major items in the *bills of quantities*, both in the regular reports from the engineer, as well as through field trip verification of the actual implementation/completion rate (%). The completion rate (%) of each project, when determined, will then be weighted with the relative contracted size of the projects to get an aggregate result – details of which are provided in the assessment tool (Attachment 2).

45. Disbursement for DLI 4 from the World Bank to GoG and MAs will follow the steps similar to that under DLI 3. The only variation will be in the score which would be related to infrastructure indicators and targets:

- i. MAs which have met minimum access conditions under DLI 2;
- ii. Average performance benchmarks score of all Program MAs (i.e. total performance benchmarks scores of all Program MAs divided by the number of Program MAs). Note that MAs which did not meet the minimum condition under DLI 2 will not receive funds under DLI 3 and 4. They will however be eligible to be assessed and qualify in subsequence years.

46. **Step 1 - Determination of the DLI 4 annual amount (the pool)** - The pool of funds from the World Bank to GoG and MAs under DLI 4 will be determined based on the following annual infrastructure implementation targets scores:

- FY 2019 - NA
- FY 2020 - NA
- FY 2021 - target average score of 75% (US\$ 2.9 million)
- FY 2022 - target average score of 85% (US\$ 4.3 million)
- FY 2023 - target average score of 95% (US\$ 5.3 million)

47. **Step 2 – determination of DLI 4 disbursement from GoG to each MA** – Disbursement from the World Bank to GoG will be made provided that previous disbursements from GoG to MAs have all been made. Depending on the average MAs' infrastructure delivery target score for DLI 4, there are two possible outcomes regarding the pool of funds to be made available under this DLI:

- Option 1 - If some MAs have scored less than the annual average score for the year target, then those MAs will receive less than US\$3 per urban population per capita, adjusted on a pro-rata basis.
- Option 2 - If the average score for all the MAs is equal to or more than the year target, then the allocation for DLI 4 will be the full maximum amount of US\$3 per urban population per capita for all the MAs.



48. **DLI 5 - Regional Coordinating Councils have adopted and implemented their Annual Capacity Support Plans (ACSP) for MAs (US\$3 million).** DLI 5 is intended to incentivize and build the capacity of the RCCs to provide the necessary technical support to the MAs consistent with its overarching mandate. Under DLI 5, the 10 RCCs will each put in place an annual work plan for technical back-up support and mentoring of MAs in their jurisdictions to achieve the Program development objectives. Among other things, the plan will specify the activity, its objective, the resources assigned and the implementation timeline. The disbursement for DLI 5 will be based on equal amount of US\$0.6 million for the Program period over 5 years, with each RCC receiving US\$60,000 per annum maximum:

- FY 2019 – adoption of annual capacity support plan (ACSP) for FY 19 (US\$0.6 million)
- FY 2020 – adoption of ACSP for FY20 and implementation of ACSP for FY19 (US\$0.6 million)
- FY 2021 – adoption of ACSP for FY21 and implementation of ACSP for FY20 (US\$0.6 million)
- FY 2022 – adoption of ACSP for FY22 and implementation of ACSP for FY21 (US\$0.6 million)
- FY 2023 – adoption of ACSP for FY23 and implementation of ACSP for FY22 (US\$0.6 million)

49. **DLI 6 – DPAT/APA Assessments Results Published by October 1 of each FY (US\$ 2.5 million).** Under the GoG RFG, all MMDAs are assessed using the DPAT assessment tool to determine the amount of the GoG UDG each MMDA is to get under the DACF RFG window. The Program will use the DPAT assessment results as the minimum requirement for the MAs that qualify to receive funding under the Program. It is therefore very important that the DPAT assessments are done in a timely manner and annually to ensure timely disbursement of funds under the Program. DLI 6 is therefore intended to achieve two objectives (i) to incentivize MLGRD to ensure that DPAT and Program PBs assessments are done in time, and (ii) minimize the risk experienced under the LGCSF where one complete year was lost because the GoG could not conduct the annual FOAT assessment because of lack of funding. Timely assessment will entitle the MLGRD to get US\$0.5 million per year for the five-year Program period.

50. **DLI 7 – Timely Allocation and Release of Program Funds to Participating Municipal Assemblies; and Implementation of MLGRD/MDAs Annual Workplan to support MAs (US\$2.5 million).** DLI 7 is intended to incentivize (a) timely allocation and release of Program funds to MAs, and (b) coordinated national support to MAs by MLGRD/MDAs⁵⁸ for the achievement of urban management and service delivery. The MLGRD will receive US\$0.5 million every year when UDG and CSG release in time, and MLGRD/MDAs adopt and implement the annual workplan which should include Program management, Technical Assistance as per the institutional capacity assessment recommendations, and Program M&E. If the MLGRD fails to release the fund in time or to implement the annual work plan, it will receive the funding for the next FY on a pro-rata basis based on the percentage of workplan implemented.

51. **DLI 8 – Key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support Participating MAs and RCCs has been implemented (US\$2 million).** This DLI is intended to incentivize the OHLGS, which is responsible for RCCs' and MMDAs' personnel, that the key staff at RCCs and MAs are in place including the provision of the annual supply driven capacity building support to RCCs and MAs consistent with its mandate. The OHLGS will receive an average of US\$ 0.4 million every year when it ensures that key RCCs and MAs key staff are in place and it has delivered fully (100% delivery/implementation) on its supply driven capacity support as per its annual workplan. If OHLGS fails to deliver on these results, the amount of funds it will receive under the Program will be calculated on a

⁵⁸ LUSPA; EPA; LVD; and other MDAs



pro rata basis.

Grant Cycle

52. **The annual assessment under the Program will begin in May of every year with internal assessments by the MAs themselves.** This internal assessment should be completed no later than June every year. The internal assessment is intended to allow each MA to do internal evaluation and address any gaps in preparation for the assessments by an independent verification agency (IVA). IVA will begin its assessment in July and complete it by September. Quality assurance review (QAR) by a World Bank QAR consultant to validate the IVA results and verification by the RFG SC will be done during September and the final World Bank agreement will be provided by October. This should allow the MoF, through the national budget process, to capture the Program funds in the national budget for the following FY beginning January. The performance assessment results of the MAs in the previous FY will impact Program allocations in the following FY. E.g. the assessment to be conducted in FY2018 will inform Program fund allocation and disbursement in FY2019. The table below provides the summary of the timeline for the Program assessment process, whereby the results will fit into the MAs annual planning and budgeting cycle. However, in the first two years, there will be a phasing in of the Program assessment and the timing in the first year will be impacted by the startup of the Program.

Table 8: Annual Assessment Timeline

Activity	Timing	Responsibility
Internal assessments	Undertaken continuously but no later than end June before the IVA assessment by July	MAs with support from RCCs
Information to municipalities about the assessments	1 week before the IVA –i.e. September	MLGRD
IVA – Assessments	July - September	Contracted out by MLGRD to IVAs (firms) Reports send to MLGRD and the World Bank by September for review
RFG SC decision after quality assurance and review	September	RFG SC, and DPs as observers
Final endorsement of results (after review by the World Bank) and communication of results to MoF and the MAs	September	MLGRD
Inclusion of the figures in the national budget	September	MoF
Dissemination of results to the public	October 1	MLGRD and the MAs

Disbursement Arrangements and Verification Protocols

53. **Upon confirmation of the achievement of Program DLIs, the World Bank will disburse the corresponding amount to the Government.** Disbursements for all DLIs 1 -8 will be made in one tranche from the World Bank to the GoG. Funds for DLIs 1, 2, 3 and 4 will be transferred by the Government to the eligible MAs within 45 days of World Bank to GoG transfer. Funds for DLIs 5, 6, 7 and 8 will remain at the central government level, as these aim to leverage regional and central government actions. The



Government will ensure that the funds released from the World Bank upon satisfaction of DLI 5 will be transferred to RCCs within 45 days of the World Bank to GoG transfer and the funds released from the World Bank upon satisfaction of DLI 6, 7 and 8 will be transferred to the MLGRD and OHLGS within 45 days of the World Bank to GoG transfer.

Funds Flow

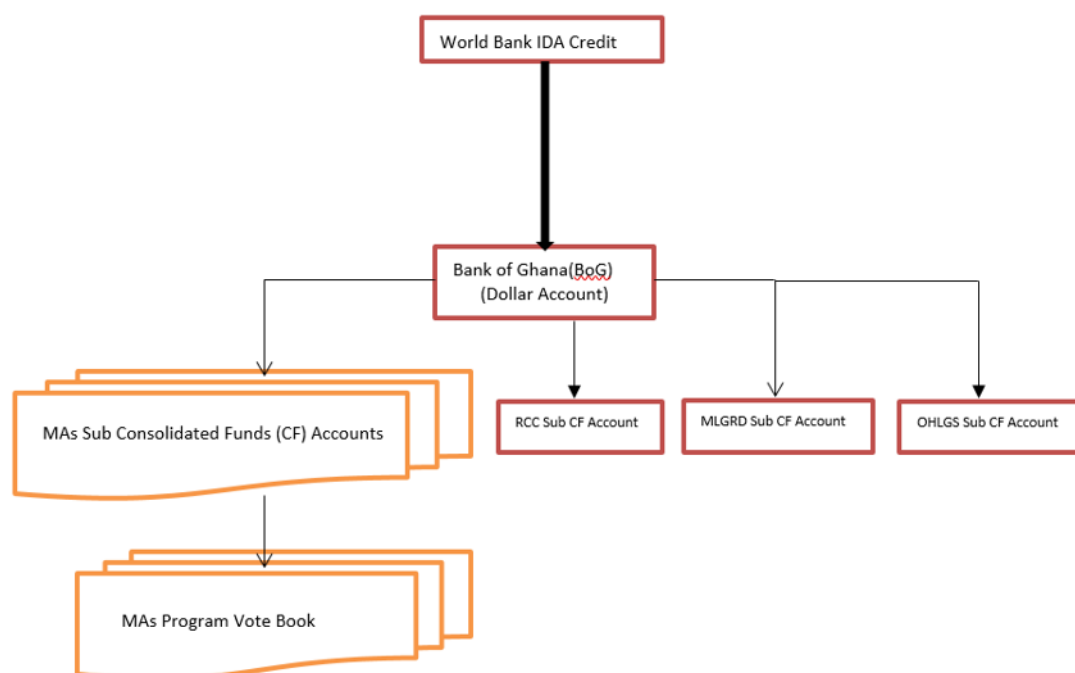
54. **Program funds flow.** For DLIs 1 - 4, the process for the disbursement of World Bank funds to GoG will be as follows: Once the RFG SC has verified the assessment results by the IVA and the amounts to be disbursed for each of the DLIs determined, the World Bank will be notified. Once the World Bank has verified and is satisfied, the total amount linked to each of the DLIs for the FY will be disbursed from the World Bank to the GoG Treasury Main Account⁵⁹ in the Central Bank (Bank of Ghana - BoG) in one tranche for the year. It should be noted that disbursements from the World Bank to GoG can be made at any time upon government request, provided results are achieved. The disbursement of Program funds from GoG to Program MAs and spending entities can also be made in one tranche or two tranches, on the advice of the MLGRD, using the GoG funds flow mechanism⁶⁰ which are well established under the inter-government fiscal transfer system. For DLIs 5, 6, 7 and 8, the MoF will also release funds related to Program activities to RCCs, MLGRD and OHLGS once the RFG SC has verified the assessment results by the IVA and the World Bank has confirmed that the DLIs have been met. The following summarizes the steps to be followed for disbursing funds under the Program:

- i. Step 1 – assessment by an IVA (firms) and calculation of Program amounts for each DLI, except for initial advances.
- ii. Step 2 – verification by RFG SC of the assessment results and the DLIs amounts.
- iii. Step 3 – Chief Director/MLGRD, through MoF, requests disbursement of funds from World Bank based on the verified assessments results and DLIs amount by the RFG SC.
- iv. Step 4 – the World Bank verifies and confirms achievement of results before withdrawal application is submitted to the World Bank to transfer funds.
- v. Step 5 – the World Bank transfers funds to GoG Treasury dollar accounts in BoG and notifies the client through client connection.
- vi. Step 6 – Chief Director/MLGRD writes to the Minister of Finance and copied to the various Heads such as Director Budget, MoF (i) attaching a schedule requesting for transfers to each MA based on their respective scores in each of the DLIs 1,2,3, and 4, and (ii) requesting for transfers to the RCCs, MLGRD and OHLGS for DLIs 5, 6, 7, and 8.
- vii. Step 7 – The MoF issues instructions to BoG with a copy to MLGRD directing the BoG to transfer money to (i) each MA and RCC sub consolidated fund account, and (ii) MLGRD and OHLGS sub consolidated fund accounts.

55. The funds flow chart below summarizes how Program funds will flow from IDA to GoG and then MAs:

⁵⁹ This account is part of the Consolidated Fund of the GoG and from which all other funds will flow

⁶⁰ There are two options, MoF can do the releases via GIFMIS directly to the beneficiary MAs, or the transfer through the MLGRD Account (Sub Consolidated Fund (SCF) Account and then released to the MA). This helps to keep the MLGRD in the picture. All releases are now done electronically.



B. Technical Assessment

Strategic Relevance

56. **The proposed Program is strategically relevant to Ghana’s wider development trajectory, to its urbanization process and to its national decentralization policy.** By targeting institutional and infrastructure development in Ghana’s emerging or secondary cities, the Program is directly addressing some important developmental challenges and, at the same time, assisting in the implementation of the Government’s decentralization and urban development policies.

57. **GSCSP will assist secondary cities in seizing the opportunities and in facing the challenges.** By promoting pro-active and more effective city management, GSCSP is of considerable strategic relevance. Ghana’s long-established process of urbanization has been largely uninterrupted and has resulted in more than half of today’s population living in cities and towns. By 2030, two thirds of Ghanaians will live and work in urban areas. Urbanization is both an opportunity and a challenge: an opportunity to reap the growth-associated and poverty reduction benefits of agglomeration economies and, at the same time, a challenge in meeting growing demand for urban services and the need to foster vibrant urban economies that generate employment opportunities for a growing population.

58. **The proposed Program is also relevant to Ghana’s stage of urban development, in the sense that it invests (both institutionally and financially) in second-order cities, rather than in the largest metropolitan areas.** Secondary cities have a key role to play in the urban economic hierarchy – as administrative centres, as incubators for small business development, and as important nodal points in a system of rural-urban linkages. At the same time, there are signs that poverty levels are rising in secondary



cities and that economic growth and basic services have not been able to keep pace with their growing populations.

59. **Somewhat curiously, urban management in Ghana is weak and under-stated.** Although Ghana is more urbanized (52 per cent) than many of its peers in the developing world and has consistently pursued a forward-looking decentralization agenda for over two decades, there is little in the way of progressive or pro-active city management. Spatial (or town) planning enjoys a much lower profile in Ghana than in many other countries. There is, as yet, no separate Ministry that is overtly responsible for urban development.⁶¹ In a country where over half the population lives in urban areas, this is incongruous. Local governments (MMDAs), even in very urban areas and despite their municipal or metropolitan designations, tend to under-play their role as “municipal” managers. The proposed Program, which adopts an explicitly “urbanist” perspective in its approach, seeks to rebalance this and provide an impetus to city management.

60. **While infrastructure is a key element in urban development, financing for infrastructure is inadequate in most developing countries, and Ghana is no exception.** MMAs currently do not have enough financial resources to invest in much-needed infrastructure, or to finance upgrades in or maintenance of existing infrastructure; own-source revenues are limited, and existing inter-governmental transfers are insufficient to finance major investments in urban infrastructure. For the time being and for a variety of reasons, private sector investment in public infrastructure is not a scalable option in Ghana; nor is municipal borrowing. The proposed Program will provide participating MAs with access to a significantly larger quantum of resources with which to finance much-needed urban infrastructure.

61. **The proposed Program is also relevant to national policies.** It directly supports implementation of the National Decentralization Policy Framework (NDPF) and its associated action plan, as well as implementation of the National Urban Policy Framework (NUPF). In both cases, GSCSP will bring added value and play a role in advancing the Government’s agenda of decentralization and urbanization.

62. **The proposed Ghana Secondary Cities Support Program (GSCSP) will support the objectives of the World Bank’s Ghana Country Partnership Framework (CPF).** The current CPF (2013 – 2017) has elapsed and a new one is under preparation. The elapsed CPF had three strategic focus areas: (i) improving economic institutions; (ii) improving competitiveness and job creation; and (iii) protecting the poor and vulnerable. The proposed GSCSP supports all three focus areas. The GSCSP’s fundamental objectives and funding directly target the strengthening of urban management systems and financing urban infrastructure and services. Together, these meet the pressing needs of urbanized and urbanizing cities, improve the quality of lives for urban residents, the poor and vulnerable, and promote economic development through increased access to services such as drainage, roads, sanitation and solid waste management. The Program also supports job creation and local economic development through creating an enabling environment for business, promoting public private dialogues, and providing economic infrastructure such as markets.

63. **The World Bank’s knowledge agenda, as envisioned during the just concluded CPS, has played a critical role in informing the design of this proposed operation.** Analytical works/studies conducted includes (i) Ghana Urbanization Review (2015); (ii) Urban Development and Infrastructure (Municipal)

⁶¹ Strikingly, urban development is part of the remit of the Ministry of Local Government and Rural Development.



Financing (2016); (iii) Metropolitan Management in Greater Accra (2016), (iv) Enhancing Urban Resilience in Accra (2017); (v) District annual performance assessment using the District Assembly Performance Assessment Tool (DPAT), which is the successor to the Functional Organization Assessment Tool (FOAT), to inform disbursements to participating municipal LGs under the DACF performance responsiveness window.

Program Technical Soundness

64. **Overall, the Program is technically sound for each of the three windows (Local, Regional and National).** The technical assessment for each of the three windows is summarized below

Local window

65. **The proposed Program includes MAs with a population of at least 100,000 and for which the population is at least 60 percent urban.** This represents a sub-set of the larger universe of urban local governments in Ghana – which includes 6 Metropolitan Assemblies and 104 Municipal Assemblies. The selection of a sub-set of MAs as eligible for Program support is based on a number of key considerations.

- **Firstly, the “equal spread” criterion, such that at least one MA in each Region⁶² is included in the Program, is intended to ensure equitable national coverage.** This does dilute the logic of urban economic geography, but only to a very limited degree.
- **Secondly, the use of the population size criterion (> 100,000) to define the eligible universe of MAs ensures that Program support is provided to Urban LG jurisdictions that exceed the minimum population threshold (95,000) for MAs provided for in the Local Governance Act for establishing MAs.** For a variety of reasons, Ghana’s decentralization process has been characterized by a progressive multiplication of LG jurisdictions. National policy has identified this as highly problematic: the NDPF explicitly recognizes the issue⁶³ and commits itself (in the NDAP) to ensuring strict compliance with the minimum population threshold criterion and to freezing the creation of new LGs as of 2020. The proposed Program’s application of the LG Act’s minimum population threshold is thus fully consistent with national policy. In addition to its policy coherence, the proposed Program’s use of a minimum population threshold also focuses GSCSP’s resources on larger urban areas, which play a crucial role in driving overall economic growth in Ghana.
- **Thirdly, the urbanization criterion (population > 60 percent urban) is used for defining the universe of eligible MAs to ensure that a majority of MA residents are, in fact, urban residents and that the Program is thus effectively targeting urban development.** It is also used to ensure that eligible MAs are more urbanized than the national urbanization rate (around 55%) and more urbanized than the average MA (outside of Greater Accra). In Ghana, some MAs – despite their municipal status – are best described as large rural districts with one or two medium-sized

⁶² The criterion takes into account the possibility of the creation of six new Regions, and ensures at least an MA from each Region, either a regional capital or a large MA.

⁶³ “The number of districts and District Assemblies (216) is considered to be unwieldy and it is the belief that the maximum number of districts should be capped. The proponents of this view do not accept the fact that the new formula for the creation of districts in the Decentralized Local Governance Bill will make it very difficult for new districts to be created. Some go as far as to demand a political commitment from all registered political parties that no new districts will be created after the 2020 National Population and Housing Census.” (NDPF 2015-19).



administrative and commercial towns. The existing 84 MAs in Regions other than Greater Accra have a total population of around 11.6 million – of which about 40 percent are categorized as rural residents. The population of some large MAs is actually predominantly rural: for example, nearly 80% of East Gonja’s total population of 198,000 is classified as rural. By defining the universe of eligible MAs as those that are at least 60 percent urban, GSCSP ensures that the most urbanized ULGs (rather than the largely rural MAs) are included.

- **Fourthly, Metropolitan Assemblies (and metro-sized Municipal Assemblies) are excluded** for the following reasons:
 - (a) *Size and scale of investment financing needs*: Ghana’s Metros are large urban areas in terms of both population⁶⁴ and area. In order to have a significant impact on their urban development, they probably require investment financing well in excess of what can be made available through the current IDA credit. Including the six Metros in the Program would not provide them with adequate resources to genuinely address their infrastructure and urban development challenges. At the same time, inclusion of the Metros in the Program and providing them with UDGs would substantially reduce the funding available for other urban local governments, and thus significantly dilute potential development impact in such secondary cities.
 - (b) *Incentives and performance*: if the Metros were to be included in the Program to support institutional and capacity development among them, it is clear that the level of financing available (in the form of UDGs) would be unlikely to incentivize performance improvements. Metros have access to considerable own-source revenues and are thus less motivated in responding to the modest performance incentives provided by UDGs⁶⁵.
 - (c) *Other programs*: finally, some of the six Metros are already (or will be) included in large externally-financed programs and projects. For example, GUMPP (financed by AFD to the tune of just over €40 million) covers four urban local governments, including Kumasi, Tamale and Sekondi-Takoradi Metros. The World Bank is also in the process of preparing a US\$150 million urban resilience project which will largely benefit Accra Metropolitan Assembly. Given that other programs and projects are (or will be) benefitting Metros, their non-inclusion in the proposed Program is justified.
- **Fifthly, the Program excludes all MAs in the Greater Accra Region: the rationale underlying this exclusion is that the Greater Accra Region is already the beneficiary of several significant World Bank and African Development Bank funded programs**: (a) the Greater Accra Metropolitan Area Sanitation and Water Project (World Bank, P119063, US\$150 million); (b) the Greater Accra Clean, Resilient and Inclusive Development (GARID) Project (World Bank, P164330, US\$200 million, of which US\$100 million from GCF); and (c) the Greater Accra Sustainable Sanitation and Livelihoods Improvement Project (AfDB, US\$ 115 million).

⁶⁴ The six Metropolitan Assemblies together have a population of over 4.6 million or roughly 40 percent of the total population of all MMAs.

⁶⁵ This has certainly been the experience in LGCSPP, where the performance of Metros has – on average – been sub-average.



Grant allocations to MAs

66. **GSCSP intends to provide participating MAs with access to two types of grant: Capacity Support Grants (CSGs) and Urban Development Grants (UDGs).** Given the limitations in the Program's overall budget ceiling (US\$ 90 million), the calibration of both CSGs and UDGs is considered technically sound.

67. **CSGs are likely to be fit for purpose.** CSGs have been set at US\$50,000 per annum per qualifying MA, to be disbursed over three years. Each qualifying MA would thus be able to access US\$150,000 to finance a range of capacity and institutional development initiatives; in total, the proposed Program allocates US\$3.0 million to the CSG funding pool. These CSG allocations should be sufficient to ensure that qualifying MAs are able to finance useful activities. LGCSP (GSCSP's predecessor operation) allocated a total of US\$5.7 million (to about 40 MMAs over a period of four years) to finance a large and varied range of capacity building actions⁶⁶. GSCSP's proposed CSG allocations (US\$3.0 million) should thus be sufficient to allow eligible MAs to undertake more intensive and more urban-focused capacity development initiatives. CSGs will be allocated to qualifying MAs on an equal shares basis, rather than on the basis of a more complex formula. This is consistent with the "equality" of MA functional mandates as well as with the relative cost inelasticity associated with the financing of capacity development activities.

68. **The size of UDG allocations to qualifying MAs – which are set based on a maximum of US\$15 per annum per urban capita – is consistent with other World Bank financed operations.** The Kenya Urban Support Program (KUSP, P156777) is providing county governments with capital grants for urban development that amount to a maximum of US\$20 per year per urban capita. In Ethiopia, the Urban Institutional and Infrastructure Development Program (UIIDP, P163452) and its precursors have provided grants to urban LGs averaging about US\$16 per capita. Finally, the Uganda Support to Municipal Infrastructure Development (USMID, P117876) provided grants of US\$18 - 26 per capita during its first phase; USMID's extension (through additional financing) will provide between US\$ 26 – US\$ 48 per capita.

69. **The allocation of UDGs to participating MAs is based on a simple but transparent formula.** Participating MAs will be provided with a maximum annual allocation based on the size of their urban populations, a well-recognized and widely-used proxy for urban service delivery needs. No other criteria (such as relative poverty or existing infrastructure endowments) will be included in the formula, largely because data for these is either non-existent or difficult to disaggregate in terms of urban/rural divides at the MA level.

70. **The use of urban (rather than both urban and rural) per capita amounts as the basis for UDG allocations is consistent with the UDG investment menu, which is concentrated on urban infrastructure items and with the need to consider significant differences in the extent to which participating MAs are urbanized.** At one extreme are those MAs that are 100 percent urban; at the other extreme are those MAs that are only 60 percent urbanized. Basing grant allocations on the size of urban populations calibrates urban infrastructure and service delivery needs with the amounts made available to meet some of those needs.

⁶⁶ Including street naming/addressing, revenue improvement plans, property revaluations, and strengthened asset management.



71. **The population data used for calculating UDG allocations is derived from the 2010 national population & housing census, updated (for 2018) to take into account jurisdictional changes by the Ghana Statistical Service.** This is official Government statistics.

72. **Based on a per urban capita annual allocation of US\$15.0, the total and maximum annual UDG funding pool for all participating MAs is fixed at around US\$43.7 million⁶⁷.** This is indicative and pre-determined. An advantage of this up-front allocation is that it provides participating MAs with a highly stable and predictable resource stream, subject only to their own performance as assessed in the APAs. This stability should facilitate annual planning and budgeting by MAs.

73. **Evidence from LGCSP indicates that the proposed GSCSP level of per capita funding (US\$15.0) is within the absorptive capacity of MAs.** Over a period of four years (2012 - 2016), participating MAs have been able to finance over 800 investment projects, of which almost 90 percent had been completed by January 2017. Annual per urban capita grant allocations from LGCSP for these MMAs began at a relatively modest US\$2.0 in 2012, but rose to around US\$5.0 - 6.0 by 2016. Given that the proposed Program will be building upon MA capabilities that have been enhanced by LGCSP and that GSCSP will be focusing on larger MAs, UDG allocations would appear to be commensurate with the absorptive capacities of qualifying MAs.

74. **UDGs are also large enough to enable qualifying MAs to make important infrastructure investments in their urban jurisdictions.** The smallest (maximum) annual UDG allocation (to Abuakwa South MA) is around US\$0.90 million and the largest (to Suame MA) is around US\$2.90 million. These are significantly larger than the UDG allocations made under LGCSP, through which participating MAs were able to deliver between 150 - 250 investment projects every year.

75. **At the same time, the amounts allocated through the proposed Program will be sufficiently large to provide real fiscal incentives for improvements in MA performance.** As shown in the table below, total MA revenues in 2016 (including IGF and all grants other than LGCSP UDGs) amounted to about US\$12 per capita (for total population). Through the proposed Program, MAs will be able to roughly double their total annual budgets, if they comply with MCs and attain a maximum score with respect to Performance Benchmarks. Relative to current revenues, the level of effort required to comply with Minimum Conditions and meet Performance Benchmarks should be more than compensated for by UDGs.

Table 9: MA revenues in 2016 (56 MAs, excluding LGCSP grants)

Measure	Revenues					
	IGF	DACF	DDF	GoG transfers	Others	Totals
Aggregates	91,563,643	30,108,485	32,648,794	71,665,345	35,145,605	361,131,871
% of total revenues	25.4%	36.0%	9.0%	19.8%	9.7%	100.0%
Per capita	12.4	17.6	4.4	9.7	4.8	49.0
Per urban capita	18.9	26.9	6.8	14.8	7.3	74.7

⁶⁷ This is the maximum amount that will be disbursed to MAs in a year.



76. **MA own-source revenues (IGFs) currently account for about 25% of total MA revenues.** To maintain this relative level at the same time as receiving substantial UDGs through the proposed Program, MAs will need to double the amounts collected over a period of 5 years. This will be a challenge and will require year-on-year increases of 20% in IGF revenues. UDG incentives for increased fiscal effort and CSG-financed activities aimed at improving revenue administration should help MAs to increase IGFs.

77. **In summary,** UDGs design is technically sound for the following reasons:

- Commensurate with the need for urban investment funding. The size of the grant funding pool results in grants that are large enough to support urban investments of adequate size to be visible and support meaningful urban transformation.
- Unlikely to create an excessive long-run recurrent burden for MAs or create problems with MA absorptive capacity.
- Large enough to provide an incentive to MAs to meet Minimum Conditions and improve their implementation of urban management functions.
- Within the resource envelope of the IDA credit (US\$100 million for five years) made available for the Program.

Performance-based grant modalities

78. **The performance-based modalities underlying CSGs and UDGs are grounded in well-established practice (in many other urban support operations) but have been adapted to the context of Ghana and GSCSP's specific objectives and, are familiar to the national government and to MMDAs.** The proposed Program, like its predecessor, will disburse grants to eligible MAs subject to their compliance with Minimum Conditions and as a function of their urban development and management performance. As and when MAs meet Performance Benchmarks and thus score higher, they will receive larger UDGs. This performance-based grant modality is widely used in many countries, including Ghana – where it has under-pinned the allocation of DACF/DDF grants since 2008 (and will be a part of the “responsiveness” component of the DACF's regular annual transfers to MMDAs nationally), as well as the Urban Development Grants financed through LGCSP.

79. The key differences between the proposed performance-based grant system and similar systems in other urban operations are: (a) the extent to which GSCSP uses and relies on the national DPAT system to incentivize improvements in core institutional performance (PFM, human resource management, governance, etc.); and (b) the explicitly urban focus of GSCSP's Performance Benchmarks.

MMDA performance assessments

80. **To access their UDG allocations, MAs need, first of all, to qualify for their basic RFGs from the DACF.** Qualification for their RFG grants is contingent upon MAs (like all other local governments) complying with DPAT Minimum Conditions; the size of RFG allocations is then determined by DPAT performance scores. To qualify for UDGs from the proposed Program, MAs must not only qualify for their RFG allocations but also attain a DPAT score that is equal to or greater than the national average performance score of all MMDAs. In other words, participating MAs that qualify for UDGs will – in principle – be among the better performing local governments in Ghana (as measured by the annual DPAT assessments). LGCSP, which closed in June 2018, used the same principle to qualify MMAs.



81. **In relying on DPAT assessments as part of the UDG qualification process, GSCSP assumes that the DPAT process is: (a) reasonably stringent; and (b) does, indeed, incentivize substantive improvements in key performance areas.** External and internal reviews indicate that the FOAT/DPAT system does need to be revised to “... provide a sufficiently nuanced assessment of MMDAs that would allow categorization of MMDAs into relatively well performing and below average performing MMDAs (rather than result in a scoring where all MMDAs receive close to perfect scores)”⁶⁸. The DPAT assessment methodology is being widened and deepened to cover aspects of MMDA performance in many areas, notably public financial management, own-source revenue administration and mobilization, governance and social/environmental management. Making the DPAT assessment process more robust and stringent will: (a) incentivize substantive improvements in performance across the entire local government spectrum in Ghana; and (b) ensure that only genuinely high performance (and “lowest risk”) MAs qualify for GSCSP grants. Strengthening and upgrading the DPAT system is thus an important step to the successful implementation of the proposed GSCSP.

82. **In addition, the FOAT/DPAT assessment process has suffered from uncertainties and delays.** Since 2008, when FOAT assessments first started, there have been two years (2011 and 2015) when no assessments took place due to funding constraints. MLGRD’s DDF Secretariat, which is responsible for overseeing and coordinating FOAT assessments, relied on external donor funding to finance annual assessments; when this funding was not secured, assessments did not take place and the World Bank funded LGCSPP could not disburse. Furthermore, annual FOAT assessments have often not been synchronized with the budget process, resulting in ad hoc DDF releases, disruptions to the regular annual planning/budgeting process in MMDAs, and DDF allocations that have been a reflection of MMDA performance dating back two years or more (rather than one year).

83. **The proposed Program therefore includes two key measures:**

- (a) **Revision and upgrading of DPAT performance indicators**, whereby LGCSPP performance measures are (to the extent appropriate) incorporated into DPAT, along with more rigorous governance and social/environmental management indicators. These changes will be a covenant in the financing agreement, ensuring revision and upgrading of the indicators not later than June 2020.
- (b) **Provision of incentives to MLGRD to ensure regular, annual and timely DPAT assessments.** This will be operationalized through DLI6 and will go some way towards strengthening the overall DPAT system and, at the same time, mitigating the risk (to the proposed Program) of delayed and uncertain annual performance assessments.

Urban performance benchmarks

84. **Consistent with the proposed Program’s focus on urban development challenges, GSCSP’s performance-based grants will place a premium on MAs as city managers.** If secondary cities are to play a role in the development of Ghana’s urban sector and to contribute to the country’s economic (and inclusive) growth, MAs will need to become increasingly effective in terms of public investment management, urban planning and service delivery, enhancing city competitiveness, mobilizing own-source revenues, and ensuring operations & maintenance. The Program’s Performance Benchmarks

⁶⁸ See “Sector Wide Approach (SWAp) to Decentralization in Ghana”, Final Report, 23 May 2016.



reflect these key dimensions to urban management (Attachment 1). UDG allocations, which are calibrated to progress against these benchmarks, are intended to provide MAs with the necessary incentives to upgrade their urban management capabilities. CSGs, in turn, are intended to provide MAs with the means to respond to such incentives.

UDG investment menu

85. **The UDG expenditure menu is intentionally narrower than the DACF/RFG menu, and is deliberately intended to limit their use to financing urban infrastructure investments.** DACF/RFG allocations⁶⁹, on the other hand, can be used by MMDAs to finance a wide range of expenditures, corresponding to their broad functional mandate as provided for in the LG Act. UDGs, however, are allocated to MAs based on the size of their urban populations and are thus intended to finance urban infrastructure investments. The indicative list of eligible investments includes typical urban infrastructure items. The list of non-eligible investments, on the other hand, covers a range of social sector infrastructure items (schools, health facilities, etc.) which – although they are within the spending mandate of MAs – are expected to be financed out of IGFs or other grants.

Regional window

86. **RCCs involvement in the proposed Program is judged to be of considerable importance.** MAs are highly appreciative of the mentoring support that they receive from RCCs, especially with respect to preparing for annual DPAT assessments. GSCSP will thus provide RCCs with modest supplementary grants to enable them to sustain such support.

Program Expenditure Framework

87. **The Program will provide support to the Government's overall program of Inter-Governmental Fiscal Transfers (IGFTs) to MMDAs, as well as to the Government's technical and policy support for MMDAs.** Specifically, GSCSP will provide US\$90 million as CSGs and UDGs to participating MAs, and a further US\$10 million to RCCs, MLGRD and OHLGS to manage MA grants, to provide capacity development support to MAs, and to monitor MA activities.

88. The Government's larger program budget of support for MMDAs is made up of the following:

- (a) inter-governmental fiscal transfers, which consist principally of:
 - *DACF allocations to MMDAs*: the DACF's annual budget ceiling is set by Parliament⁷⁰. Of the total DACF allocation, it is estimated that about 60% is directly transferred to MMDAs in the form of block grants; of this, approximately 12% is the Responsiveness Factor Grant (RFG)⁷¹.

⁶⁹ DACF/DDF grants can be described (with a few caveats) as general-purpose LGs block grants. In contrast, UDGs are earmarked (or conditional) grants.

⁷⁰ According to the Constitution, the DACF amounts to at least 5% of national revenues.

⁷¹ In addition to DACF resources, a number of development partners (Germany, Switzerland) are expected to provide additional funding for the RFG component.



- *GoG allocations for devolved sectors (feeder roads, social welfare, town & country planning, etc.), which include the payroll costs, goods and services and capital expenditures for the concerned sectors:* These sector allocations are currently included as a part of the Local Government Service's overall budget.
- (b) *the overall MLGRD and LGS budgetary frameworks, which finance capacity development, monitoring and policy functions:* Included in the LGS budgetary framework are RCCs' budgets.

89. **The table (on the following page) provides a summary of the Government's overall program budget, along with the GSCSP expenditure framework.** The GSCSP will provide additional resources for this overall Government program, specifically aimed at increasing the UDG allocations under the RFG to selected MAs and providing them with appropriate capacity building activities, technical assistance and policy support.



Table 10: GoG and GSCSP expenditure framework

GRANTS AND SUPPORT FOR MMDAs (US\$)⁷²							
Exchange rate: US\$1 = 4.49 GHS (As at June 25, 2018)							
Budgets	2018	2019	2020	2021	2022 (est.)	2023 (est.)	Total
GoG LG Sector budget	150,932,235	162,373,460	176,281,415	276,343,367	191,482,619	191,482,619	1,148,895,715
Ministry of Local Government and Rural Development (excluding DP funding)	7,507,544	7,025,628	9,569,030	36,777,810	15,220,003	15,220,003	91,320,018
Local Government Service (incl. RCCs)	143,424,691	155,347,832	166,712,385	239,565,557	176,262,616	176,262,616	1,057,575,697
- of which GoG sector grant allocations to MMDAs	115,826,393	147,265,117	157,561,213	174,909,383	148,890,527	148,890,527	893,343,160
- of which OHLGS and RCCs budget to support MMDAs	27,598,298	8,082,715	9,151,172	64,656,174	27,372,089	27,372,089	164,232,537
Total IGFT to MMDAs	366,816,858	418,725,291	458,718,932	426,862,353	417,780,858	417,780,858	2,506,685,150
Sector grant to MMDAs ⁷³	115,826,393	147,265,117	157,561,213	174,909,383	148,890,527	148,890,527	893,343,160
Block grants to MMDAs (about 60% of the DACF)	250,990,465	271,460,174	301,157,719	251,952,969	268,890,332	268,890,332	1,613,341,991
District Assembly Common Fund⁷⁴	418,317,442	452,433,623	501,929,532	419,921,615	448,150,553	448,150,553	2,688,903,318
- of which block grants to MMDAs (about 60% of the DACF)	250,990,465	271,460,174	301,157,719	251,952,969	268,890,332	268,890,332	1,362,351,526
- of which RFG to MMDAs (12% of DACF Block Grant)	30,118,856	32,575,221	36,138,926	30,234,356	32,266,840	32,266,840	163,482,183
GSCSP support (PforR Program) to RFG	-	8,650,000	21,450,000	20,850,000	19,550,000	29,500,000	100,000,000
CSGs and UDGs to Program MAs	-	6,650,000	19,450,000	18,850,000	17,550,000	27,500,000	90,000,000
Central Government and RCC support to MAs	-	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	10,000,000
RFG total		41,225,221	57,588,926	51,084,356	51,816,840	61,766,840	261,334,199
GSCSP as % of RFG total		20.98%	37.25%	40.81%	37.73%	47.76%	38.27%
GSCSP as % of DACF block grants to MMDAs		3.19%	7.12%	8.28%	7.27%	10.97%	6.20%
GSCSP as % of total IGFT to MMDAs		2.07%	4.68%	4.88%	4.68%	7.06%	3.99%

⁷² Source – Fiscal Decentralization Unit, Ministry of Finance

⁷³ GoG transfers for MMDAs for payroll and sector goods/services/capital are itemized by MMDA

⁷⁴ About 28% of the DACF is deducted and paid from center for common services to MMDAs or services they have requested the center to pay on their behalves.



Program Results Framework and M&E

90. **Definition of the Program's Results Framework** – The PDO is to “*improve urban management and basic urban services in participating municipal assemblies*”. The program, will focus on two results areas: (i) improved institutional performance of participating MAs, RCCs, OHLGS, and MLGRD, and (ii) improved basic urban services. These results are linked to the Disbursement Link Indicators (DLIs) and Disbursement Link Results (DLRs) to be achieved under the Program. The detailed M&E framework is presented in annex 2.

91. **M&E Objective and Design** - The objective of the monitoring and evaluation (M&E) system is to generate timely and relevant feedback on the Program's implementation progress and achievement of expected outcomes to enable stakeholders to address issues as quickly as possible once they arise. Monitoring and reporting will take place at regional and local levels. M&E officers at each level will be responsible for collecting information and data to report on Program implementation, and to capture data on MA activities, management and infrastructure/service delivery. They will also prepare progress reports twice a year (a midyear report and an annual report) containing agreed data and transmit them to the MLGRD. MLGRD's M&E specialists will consolidate such input into a single progress report for presentation to the RFG SC and the World Bank.

92. **Assessment of the Results Framework and the Program's M&E Capacity** – M &E of the GSCSP will be done through use of various tools, which are inter-linked and are summarized below.

- *The annual performance assessments (APAs)* – both the DPAT and the PB APAs will provide information on the institutional performance (MAs, RCCs, MLGRD and OHLGS), and urban services delivered by MAs using Program funds linked to DLIs/Rs.
- *A number of technical review reports* - such as financial management audits and procurement audits, which will also inform the annual assessments.
- *The Program mid-term review reports* - as well as final review of the progress and impact in intended Program areas to establish whether GSCSP is meeting its objectives.
- *Program monitoring reports by MLGRD* – the MLGRD as the executing Ministry, will conduct regular monitoring of Program implementation to satisfy three things (i) its overarching role for Program management and ensure that issues are addressed in time as they emerge, (ii) documenting lessons being learnt from the Program implementation, and (iii) identifying policy issues which might require the attention of the RFG SC for guidance and decision.

93. **The M&E under the Program will therefore build on existing M&E framework being used under LGCSPP**. However existing systems will be improved to give the necessary focus on urban performance benchmarks and urban services consistent with the Program objective and focus. The technical reviews (value for money audit) will be added focusing at the municipal level. The M&E capacity in the MLGRD will be strengthened by recruiting an M&E Specialist under the Program who will assist the MLGRD with the Program M&E.

94. **The Program Progress Report** – The MAs will prepare quarterly progress reports which will cover three elements (i) physical progress report (ii) work plan for the next six months, and (iii) procurement and financial report covering expenditures, commitments, bank balances and expenditure projections for the next six months. These reports will be presented to the RCCs for review and consolidation and



submission to the MLGRD and OHLGS as per current government requirement. The MLGRD will consolidate and submit to the World Bank within three months of the beginning of every fiscal year the following reports:

- Summary of the MAs assessment results and the corresponding disbursed amounts;
- Summary of aggregate Program UDG expenditures and infrastructure delivered by MAs;
- Summary of aggregate of CSG expenditure and activities executed by the MAs;
- Progress report on expenditure and activities executed under the Regional (RCC) support;
- Progress report on expenditure and activities executed under the MLGRD/MDAs and OHLGS support
- Summary report on aggregate environmental and social measures undertaken by each MA;
- Summary report on grievances⁷⁵ handled by the client service unit;
- Summary of aggregate information on procurement grievances forwarded to PPA;
- Summary of aggregate information on fraud and corruption issues forwarded to CHRAJ (see section on Fraud and Corruption).

95. **In terms of assessments, both the DPAT and the PB annual assessments will be contracted to IVAs (firms) with the MLGRD retaining the mandatory oversight.** The performance assessment will be key to demonstrate and verify the achievements of results linked to the DLIs, and also to generate lessons for learning and improvement of MAs' capacities and performances. In addition, all reports and studies conducted under the Program will feed into the formal mid-term and final evaluations. A mid-term review will be conducted within 36 months of Program implementation to evaluate progress of the Program.

96. **Capacity Building for Monitoring and Evaluation** – Under the Program, the M&E capacity at the MA level will be enhanced through training of the staff in engineering, finance and procurement so that they are able to compile timely progress reports for monitoring the implementation progress of the various activities under the Program. The M&E Specialist to be recruited under the Program will provide hands on support and mentoring to the MLGRD staff in the Program M&E. (S)he will also provide back-up support to the MAs including the review of M&E reports from the RCCs.

Program Economic Evaluation

97. **Economic Evaluation of the GSCSP** – The economic evaluation of the GSCSP was based on the current LGCSPP which has financed some 2,100 sub-projects covering 10 sectors having one or more subsectors. The LGCSPP was implemented under hard budget constraints. The available monitoring and evaluation data indicates that sub-projects and procurements under the project were implemented within budget and on schedule.

98. **A sample of some 280 sub-projects and procurements financed in Ashanti region were reviewed in more detailed.** The estimated total budget for these sub-projects was US\$74.4 million. And the total disbursement was US\$65.6 million. There was little or no cost overrun and sub-projects were completed within the budgeted year. From these evidences, it is safe to conclude that the project has provided *value*

⁷⁵ The summary of Grievances handled should be presented in a matrix form indicating the date the grievance was received, the name of the complainant, the nature of the complaint and when it was discussed and resolved by the grievance redress committee (GRC), or whether the aggrieved party opted for an appeal to the next level.



for money⁷⁶: *economy, efficiency, and effectiveness*. The implementing agencies have exercised *economy* during implementation, in that they were buying inputs of the appropriate quality at reasonable price. The implementing agencies have also exercised *efficiency* in converting inputs into outputs. They were also *effective* in that the interventions had positive impact on delivery of services on the urban poor. It can also be inferred that the project was *cost-effective* in that the investments have positive outcome in reducing urban poverty. This is largely due to the investment framework which covers wide geographic and sectoral distributions of the project investment. This implies positive impact on equity while meeting the basic urban needs of a broad section of the urban population, with particular impact on the urban poor.

99. **In conclusion, it can be said that the *net present value* of the investments will not be *negative*.** It would at least be zero or more likely greater than zero. This means at the usual discount rate of 12 percent, the return on investment of the project translates to at least a 12 percent economic rate of return when the net present value is zero. Thus, the project investment can be said to be efficient with at least a 12% rate of return.

Technical Risks

100. **The overall technical risk rating for the Program is Substantial.** There is a tendency to increase the numbers of MMDAs. Although this is being justified for job creation, it has implications on the financial and institutional viability of new jurisdictions since newly recruited staff need to be trained in government procedures and ways of doing business. The MMDA system is becoming increasingly very large and fragmented, thus compromising agglomeration and effective local service delivery.

101. **Macro-economic risks are also rated as substantial.** Ghana's macro-economic track record is challenging, largely because of fiscal imbalances driven by high levels of public spending and fluctuating revenues. This can result in fluctuations in inter-governmental fiscal transfers to MMDAs and disruptions or delays in the flow of funds to MMDAs.

102. **Environmental and social risks are also rated as substantial.** Environmental risks are assessed as moderate, due to the relatively robust country systems and the types of sub-projects that are likely to be implemented by MAs participating in the Program. Social risks, however, are substantial – due to lack of clarity on the regulatory and institutional frameworks on resettlement and the lack of recognition of project affected people (PAP) that do not own titles to lands in terms of compensation and entitlements. There is also inadequate capacity and support to manage social safeguards within the MLGRD and MAs.

103. **Institutional capacity for implementation is limited.** MA staff rotations are frequent, central government MDAs are over-stretched and have limited human resources with which to mentor and backstop MAs, and oversight mechanisms are inadequate. In addition, GSCSP will be the first PforR operation in Ghana and its implementation may be challenging because of the novelty of the financing instrument and its associated procedures.

⁷⁶ Value for money means to maximize the impact of each dollar pound spent to improve poor people's lives.



104. **The risks associated with other areas (sector policies, technical design, and stakeholders) are rated as moderate.** There are adequate fiduciary capacities both at the MLGRD and MAs to implement the Program. Technical designs will be supported by private consultants.

Plans to mitigate technical and sustainability risks

105. **The Program will mitigate risks through a variety of measures,** all of which are identified in the Program Action Plan. Mitigation measures will be implemented through DLIs, covenants, agreements and a jointly agreed Program Operations Manual. To ensure efficient Program implementation and achievement of the Program Development Objective, the plans to mitigate technical risks are intended to address gaps which have been identified by the technical assessment. These gaps fall in two areas – system improvements and technical gaps at both the MLGRD and the Program MAs.

106. **Systems improvements** - The implementation of GSCSP will use existing GoG systems such as the DPAT Assessment for all MMDAs. To address the gaps in the current system, the MLGRD has already revised the relevant sections of the DPAT to strengthen the national system.

107. **Enhancement of the capacity of MLGRD and Program MAs** - The capacity gaps identified from the institutional assessment both at the MLGRD and MAs will be addressed through technical assistance, tailor made capacity building activities which will include, amongst others, training, on-job support and mentoring. To ensure that capacities are built in time for Program implementation, institutional strengthening activities through the use of the CSG will be front loaded and implemented in the first three years of the Program. The measures to address technical risks have been provided in the PAP in Annex 6. In addition, the World Bank will provide training and close monitoring of the implementation of the Program including the Program Action Plan by the MLGRD, RCC, OHLGS, and the MAs.

108. **Program sustainability risks.** There is a Program sustainability risk which relates to the sustainability of the assets that the MAs will create utilizing UDG funding. This risk will be mitigated in the Program by ensuring that MAs' investments under the Program are limited to few activities. In addition, the Program will support MAs' IGF enhancement through improved revenue administration and provision of O&M in the MAs' annual budgets, both of which are included in the MAs' PB assessments.



ANNEX 4. SUMMARY FIDUCIARY SYSTEMS ASSESSMENT

COUNTRY: Ghana

Ghana Secondary Cities Support Program

1. **The Integrated Fiduciary assessment concludes that the overall fiduciary risk of the Program is Substantial, and mitigation measures are identified in Fiduciary Systems Assessment and PAP to reduce the risks.** Major PFM reforms have been ongoing since 1992. In 1995, the Government launched the Public Financial Management Reform Program (PUFMARP), which became operational in May 1996. The main reform modules included the Budget and Expenditure Management System (BPEMS) from 2003 to 2007, the Integrated Payroll and Personnel Database (IPPD) 1 & 2, the Medium-Term Expenditure Framework (MTEF), Fiscal Decentralization, review and update of PFM laws such as the Audit Service Act 2000, (Act 584), Public Procurement Act 2003⁷⁷(Act 663), the Public Financial Management Act, 2016 (Act 921), the Financial Administration Regulations 2004 and the Internal Audit Agency Act 2003, (Act 658). The failure of BPEMS led to the introduction of Ghana Integrated Financial Management and Information System (GIFMIS) in 2009 with financial support from the EU, DFID, World Bank and DANIDA. Government also implemented Program-Based Budgeting and Composite Budgeting for Metropolitan, Municipal and District Assemblies (MMDAs) between 2010 and 2014.

2. **At the revenue side, Government with support from development partners has embarked on significant domestic revenue improvement measures.** This led to the enactment of the Ghana Revenue Authority Act in 2009 that consolidated all the three different revenue institutions, namely, Internal Revenue Service, Customs, and VAT Service for better revenue administration. In 2016, parliament passed the Revenue Administration Act, 2016 (Act 915) to empower Ghana Revenue Authority to collect all taxes due the State; the Act requires all citizens to acquire Tax Identification Number, a mandatory requirement to access public and financial services

3. **Some key challenges identified in the past, and which continue to linger albeit with progress in some of the areas are as follows:**

- Budget fragmentation as a result of the establishment of statutory funds (up to 16 in number) - Government in 2017, introduced the Earmarked Funds Capping and Realignment Act, 2017 (Act 945); this was to empower the Minister of Finance to place a limit on budget/fund allocation to all statutory funds in order to increase the fiscal space within the national budget
- Capacity constraints especially in analytical skills and ICT
- Insufficient administrative network infrastructure (power, internet, banking services, telecommunication) to support PFM reforms in all districts and regions of Ghana

4. **The rollout of Ghana Integrated Financial Management Information System (GIFMIS) has significantly improved budget preparation and execution, accountability and reporting.** GIFMIS became fully operational in 2010. Presently, it covers all 36 MDAs with 250 cost centers at head office (Accra) level. It is also rolled out to all 10 regional capitals with transaction processing centers centralized in each regional capital for de-concentrated central government ministries. 38 new districts have been created in 2017 bringing the total number to 254 MMDAs. Out of the existing 216 MMDAs, 166 have been connected

⁷⁷ As amended by the Public Procurement (Amendment) Act, 2016 (Act 914)



to the GIFMIS platform, the remaining 50 are planned to be connected before the end of 2018. GIFMIS, until 2012, was mainly used for the Consolidated Fund (CF) which excluded Statutory Funds and Internally Generated Funds (IGFs); progress has been made and as at March 2018, 54 IGF institutions have been put on GIFMIS thereby improving comprehensiveness and transparency of government financial reporting. Again, some (at least 4) donor projects/funds have been running on GIFMIS since 2016, all in a bid to improve comprehensiveness and transparency of the budget.

5. **The Treasury Single Account (TSA) was launched in August 2017; this represents a significant progress in terms of government's ability to consolidate and know on a daily basis total central government cash/bank balances.** This saw the closure and transfer of 36 government accounts in commercial banks to new government accounts held in BoG. The funds transferred amounted to GHC 89.67 million. By December 2017, about GHC 144 million and US\$14,000 had been transferred to BoG under the TSA. The TSA is not yet comprehensive as it does not include all foreign exchange accounts, MDAs internally generated fund accounts, statutory accounts and donor funded project accounts. The rollout of the TSA on the GIFMIS platform and the ability of the Controller and Accountant General's Department to have direct and real-time access to online banking platform of Bank of Ghana have also enhanced bank reconciliations of all treasury-managed bank accounts in a timely manner, usually within one month after the end of the preceding month.

6. **The GSCSP will use Government of Ghana's planning and budgeting arrangements.** Ghana's strategic planning, budget formulation and budget preparation have seen significant improvement over the last two decades, especially so with the introduction of MTEF in 1996 as part of PUFMARP for medium-term budgeting, and the adoption of Program-Based Budgeting (PBB) in 2014 replacing Activity-Based Budgeting. The PBB framework defines strategic planning and budgeting with expenditure outlays to clearly identified outcomes (or results) as opposed to inputs against outputs in the erstwhile Activity-Based Budgeting approach, making it much easier to relate planned program expenditures to expected results across MDAs and MMDAs. PBB also provides a platform for aggregating all sector programs targeted at delivering the required service outcomes, the main challenges however are insufficient budget allocation and the delay in releasing funds for planned programs.

7. **In addition, Composite Budgeting was introduced in 2012 at MMDAs that provided a basis for the preparation of MMDA budget** with the inclusion of all decentralized government agencies thereby ensuring homogenous and an all-inclusive strategic planning process, budgeting, financial accountability and reporting, and auditing at the local level. Composite Budgeting has however not realized its full benefit due to the failure of central government to fully implement the Fiscal Decentralization Framework, which allows the full transfer of funds from central government to sub-national governments in order to effectively implement their budgets and improve service delivery.

8. **Budget reforms both at national and sub-national levels have resulted in streamlining budget preparation processes with the issuance of annual budget guidelines to all MDAs and MMDAs in a timely manner,** which contain preliminary budget ceilings providing reasonable resource allocation levels for budget preparation. At a later stage (October/November each year) in the budget preparation process, cabinet-approved ceilings are then issued to budgetary units that allow the finalization of their annual estimates.



9. **The planning and budgeting framework outlined by the National Development Planning Commission (NDPC) and the Ministry of Finance (MoF) will be applicable to all participating MDAs and MAs in the GSCSP.** Each year, MoF issues one budget guideline for both MDAs and MMDAs that includes indicative ceilings for resource allocation. District Assemblies, like Ministries, Departments and Agencies prepare medium-term (3-4 years) strategic plans, which are linked to the New Sector Medium-Term Plan Agenda for Jobs with support from NDPC in accordance with guidelines issued by NDPC. The district plans, known as the District Medium Term Development Plan (DMTDP) set out the programs and activities in the medium term. Out of the DMTDP, Annual Action Plans (APPs) are developed and costed; these form the basis for resource allocation from central government through the DACF plus district IGFs for development projects and service delivery at the district level.
10. **At present, each MMDA prepares a composite budget; this captures all costed activities and programs of decentralized government agencies.** These budgets are submitted to central government through Regional Coordinating Councils (RCCs). The preparation of these composite budgets involves an elaborate consultative workshop where district opinion leaders, CSOs, Chiefs and all relevant stakeholders make their input. The planning and budgeting process are coordinated by the District Planning and Coordinating Unit (DPCU), first by reviewing prior year's plans, budgets, and actual program execution progress and financial reports as a basis for formulating the current year's plans and budgets.
11. **Once the budget ceilings are received, the District Coordinating Director with support from the heads of budget and finance disaggregate the MMDAs budgets ceilings according to decentralized departments,** who in turn prepare their departmental budgets for consolidation by the district budget head. Just as budget hearings are organized in Accra for all MDAs, similar exercises are organized at RCCs where MMDAs defend their budget submissions.
12. **Over the last 6 years, budget transparency has remained on average, scoring 50 out of 100 according to the Open Budget Index (OBI).** This is consistent with Public Expenditure Financial Accountability (PEFA) ratings over the years, with a score of 'C' since 2012, and expected to remain at a 'C' based on 2018 PEFA scores. The main weaknesses identified include non-disclosure of financial assets in budget documentations submitted to parliament, absence of explanatory notes on budget implications concerning new policy initiatives, prior year's budget outturn not presented in the same format as current year's budget, and budget summary information on revenue and expenditure not consistent with the main administrative headings.
13. **Historical evidence (PEFA 2009 and 2012) suggests the budget is comprehensive to a large extent, the percentage of revenue and expenditure not disclosed in the budget estimated at below 1 percent of national budget.** Preliminary results of the 2018 PEFA however suggest that at least 18 percent of central government operations are outside the national budget, raising fundamental questions on budget comprehensiveness. It should however be noted that the PEFA methodology applied in 2018 differs from that of 2012 but even when assessed on the same basis as 2012, significant revenues and expenditures are outside central government operations; most of these are development partner project funds and IGFs from MDAs and MMDAs.



14. **The Country Procurement assessment confirms that the existing country procurement systems** - legal and policy framework – as well as the capacity in terms of numbers, experience and proficiency give reasonable assurance that the Program expenditures will be used appropriately to achieve the intended purpose. The country procurement systems are consistent with the core procurement principles of efficiency, transparency, effectiveness, fairness, value for money, integrity, fit for purpose, accountability and the appropriate competition. The Ghana Public Procurement Authority (PPA), which is an agency under the Ministry of Finance, is the regulator of the Law. It has a secretariat headed by a Chief Executive and a Governing Board, with a Chairman. However, the borrower therefore must ensure that there is strict compliance to the law and maintenance as well as the enhancement and monitoring of the capacity in place. The recent LGCSP and the other projects under the MLGRD - namely GAMA, GSOP, have consistently used the government system with over 80% post review procurements.
15. **Procurement risks** – Despite the robust country procurement legal and policy framework, the assessment has identified the following risks: (i) capacity constraints leading to – failure to comply with procurement law; delays in processing procurement, delays in preparation of Terms of References (ToRs), Technical Specifications, delays in evaluations, review and clearance, weak records keeping and filing; and weak contract management resulting into cost overruns with several and high value amendments and variation orders (VOs) with associated bloating of cost of assignments; (ii) competing demands on staff and uncoordinated transfers; (iii) political interference resulting into conflict of interest and poor performance of some service providers, and (iv) perception of lack of competition – weak private sector with limited competition. Based on the above analysis of the risk, the procurement risk rating is considered **Substantial**.
16. **To mitigate some of the above risk the Program needs external support in terms of technical assistance (TA) for procurement implementation.** The TA will support the MLGRD with constant monitoring, supervision, hand-holding and training especially of the RCCs and MAs staff while ensuring team work with the relevant technical user departments of the services/goods being procured. This calls for procurement staff stability (avoiding personnel transfers) in the Program MAs. The details of the risk mitigation measures are provided in the Program Action Plan.
17. **Procurement exclusion** - There are no high-value contracts under the Program.
18. **Under Section 92 – Statutory Audit of Act 663, the Auditor General is required to** (i) conduct annual audits of the procurement activities of entities and furnish copies of the audit reports to the Board; (2) carry out specific audits into the procurement activities of entities and compliance by contractors, suppliers and consultants with the procurement requirements in this Act and regulations made under the Act; the Auditor-General of Audit Service (GAS) as the Supreme Audit Institution in Ghana, has not yet been able to conduct Procurement Audit as provided by the law. The concentration of GAS has been on the Financial Audits. There has been willingness from the GAS and the Auditor-General has indicated that it will start undertaking Procurement Audits as provided by the law. By law the Auditor-General has the mandate to surcharge and prosecute procurement malfeasance identified in its audit. The implementation of procurement audit by GAS will strengthen compliance by entities in procurement.
19. **The Procurement Act, 2003 (Act 663) was amended through the Public Procurement (Amendment) Act 2016, Act 914 which became effective July 1, 2016.** The amendments brought in a



number of procurement reforms⁷⁸ which clearly demonstrates the country's commitment to ensure accountability for the public funds. It is also noted that the Public Financial Management Act 2016, (Act 921) was passed in the same year.

20. **The GoG has also created a Ministry of Procurement at the Office of the President to advise on Procurement Policy.** The Minister has already notified the Minister of Justice and Attorney General to codify the two laws governing public procurement into one law to make it easy and simple for use. The Government has also created the office of the Special Prosecutor which is intended to curb Fraud and Corruption in the country, including that of Procurement. In addition, the World Bank has continued to engage the PPA to support procurement reforms in the country through three on-gong projects namely (i) E-Transform Project⁷⁹, (ii) Public Financial Management Reform Project⁸⁰, and (iii) Support to Sustainable Public Procurement Management Systems⁸¹. The PPA aims to link the online procurement planning tool to Budget and the e-Government Procurement to Contract management and the IFMIS. This will ensure the entire procurement delivering to be brought under one platform to enable tracking of all procurements activities, including payments which are linked to the approved Budget.

21. **Section 21 of the Act 663 requires all Procurement Entities to prepare procurement plans for the following year.** This procurement plans must emanate from the Approved Work Plan and Budget. This procurement plan for the following year must be submitted to Entity Tender Committee for review and clearance not later than one month to the end of the financial year. After budget approval and at quarterly intervals after that, each procurement entity shall submit an update of the procurement plan (PP) to the Tender Committee for approval. So, if the PP is not approved the procurement cannot be undertaken.

22. **The assessment confirms that all the implementing Agencies (IAs) assessed comply with the requirement for preparation of procurement plans.** They submit their Procurement Plans to PPA using the online tool. However, there is still lack of timely update of the PP and the use of the procurement plan as a management, monitoring and evaluation tool. This makes IAs not to have adequate and timely tracking of slippages and address them appropriately.

23. **Sampled Procurement Activities performance – Six 6 MAs, representing 6 Regions plus the MLGRD were sampled for the procurement assessment.** The table below provides the summary of the lead times from procurement initiation to contract signing. The data was obtained from the procurement files of the respective entity.

⁷⁸ The amendments introduced: Revised Approval Thresholds; Re-Constitution of Entity Tender Committees; Dissolution of District and Ministerial Tender Review Boards; Categorization of Entity Tender Committees; Revised Thresholds for Procurement Methods; Introduction of New Procurement Structures for Local Government Agencies; Introduction of e-procurement, and Sustainable Public Procurement.

⁷⁹ e-Government Procurement – pilot (US\$ 5 Mil) which is ongoing - in the Pilots stage using the following agencies. 1) Volta River Authority, 2) Ghana Health Service, 3) Ghana Cocoa Board, 4) Department of Feeder Roads, 5) Tema Metropolitan Assembly, 6) Koforidua Technical University

⁸⁰ Sub-Comp 2.4: Public Procurement Planning & Management (US\$ 2.0 Mil) – To improve procurement planning and enhancement of economy, efficiency, transparency and accountability of the procurement process

⁸¹ Funded through Externally Funded Output of US\$0.50 Mil



Table 1: Procurement performance.

Category	Method	Lead time (months)	KNMA ⁸²	MMA ⁸³	HMA ⁸⁴	ANMA ⁸⁵	KWMA ⁸⁶	GSMA ⁸⁷	National ⁸⁸
Goods	ICT	3.5 – 5	-	-	-	-	-	-	6
	NCT	1.75 – 4.5	3	3	-	3	-	-	9
Works	ICT	3.75 – 5.3	-	-	-	-	-	-	-
	NCT	2.25 – 4.75	3	3	2	4	6	2	-
Goods/Works/Technical Service	RFQ	1.25	-	3	-	-	-	-	4
	SS	0.5 - 1	-	-	-	-	-	-	-
Consultancy Services	QCBS/FBS/LCS/	4.5 - 6	-	4(LCS)	-	4(LCS)	-	-	14(QCBS)
	QBS	4.5 - 8	-	-	-	-	-	-	-
	CQS/SS/IC	2 - 3	6 (IC)	6(IC)	5(IC)	6(IC)	-	-	9(IC)

24. The assessment indicates that under the World Bank funded LGCSF, for UDG 4 &5, IAs procurement activities normally fall within the planned period, except for the individual consultant selection. Under normal circumstances, the ICS is supposed to have fewer activities and therefore less time. Part of the explanation could be that the values for the sampled contract were not encouraging leading to repeated procurement process. The assessment also revealed that there are delays in evaluation, approvals of evaluation reports, and award and contract signing. The performance at the MAs were found to be much better due to several factors including the tight timelines for delivery for the UDG4 & 5 and constant support and monitoring and supervision from the MLGRD and RCC.

25. Procurement Methods Thresholds & Clearance levels for Ministry and Municipal procurements

- There will be two categories of Entity Tender Committees under the Program for the two main IAs: MLGRD Tender Committee and all the participating MAs. The role of the tender Committees is to ensure that the procurement procedures are followed as prescribed by the law and sound judgment is exercised in making procurement decisions. The tender committee is also required to refer to the appropriate Tender Review Board for approval, any procurement above its approval threshold, as a **one stop only approval**. For MAs, review and concurrent approval of recommendation for award can take place at three levels, namely (i) at the head of the entity – where procurement is within the threshold of the entity, (ii) at MA level – threshold above the entity but within the threshold of the MA – approval by the Municipal Tender Committee, (iii) at Regional level – threshold above head of entity and MAs – approval by the Regional Tender Review Committee. Similarly, for the MLGRD, review and concurrent approval can be done at three levels: Head of Entity; the Ministerial Tender Committee, and the Central Tender Review Committee. As such there should not be a duplication of functions between any of the three approval levels. A procurement concurrent approval is done by only one of the committees depending on the value of the procurement.

⁸² KNMA- Kintampo North Municipal Assembly [Brong Ahafo Region]

⁸³ MMA- Mampong Municipal Assembly [Ashanti Region]

⁸⁴ HMA – Hohoe Municipal Assembly [Volta Region]

⁸⁵ ANMA – Assin North Municipal Assembly [Central Region]

⁸⁶ KWMA – Kwahu West Municipal Assembly [Eastern Region]

⁸⁷ GSMS -Ga South Municipal Assembly [Greater Accra Region]

⁸⁸ National – MLGRD, LGSS



Table 2: Threshold (in GH¢) for Approving Authority for the Ministries⁸⁹

Approving Authority	Ministry (Category A& B)		
	Goods	Works	Services
Central Tender Review Committee	Above 1,000,000	Above 15,000,000	Above 1,000,000
Entity Tender Committee	Above 100,000 to 1,000,000	Above 500,000 to 15,000,000	Above 100,000 to 1,000,000
Entity Head	Up to 100,000	Up to 500,000	Up to 100,000

Table 3: Threshold (in GH¢) for Approving Authority for the Municipal Assemblies⁹⁰

Approving Authority	Municipal Assemblies (Category F3)		
	Goods	Works	Services
Regional Tender Review Committee	Above 400,000	Above 550,000	Above 400,000
Entity Tender Committee	Above 50,000 to 400,000	Above 90,000 to 550,000	Above 50,000 to 400,000
Entity Head	Up to 50,000	Up to 90,000	Up to 50,000

26. **Municipal Assemblies: The Program envisages investments in waste management, storm water drainage, connectivity, urban social and economic infrastructure, and fire and disaster management.** To avoid the fragmentation of urban investments investment projects are subject to a minimum investment of US\$ 0.5 million, equivalent to GH¢2,200,000⁹¹. This implies that the concurrent approval of possible procurement award recommendation will be done by the Regional Tender Review Committee. It is noted from the procurement plans studied from the MAs that it takes normally 2 - 3 weeks to get review and concurrent approval from the Region. This requires the Municipal assemblies to factor the clearances from the Regional Tender Review Committee in their procurement plans. It must be noted that although the Tender Committees meet at least once every quarter with notice of the meetings given at least two weeks prior to the scheduled date of the meeting, there is always the possibility of meeting other than the quarterly depending on the need.

Table 4: Threshold for Procurement Methods⁹²

	Procurement Methods	Contract Value Threshold
1	International Competitive Tendering	
	a. Goods	Above GH¢10,000,000.00
	b. Works	Above GH¢15,000,000.00
	c. Technical Services	Above GH¢5,000,000.00
2	National Competitive Tendering	
	a. Goods	More than GH¢100,000.00 up to GH¢10,000,000.00
	b. Works	More than GH¢200,000.00 up to GH¢15,000,000.00

⁸⁹ Extract from 2nd Schedule (Section 18,20,20A, 20B and 20C) of Act 914

⁹⁰ Extract from 3rd Schedule (Section 18,20,20B, 20C and 44) of Act 914

⁹¹ US\$1=GH¢4.407 Source Bank of Ghana, dated Friday April 20, 2018

⁹² Extract from 5th Schedule of Act 914



	c. Technical Services	More than GH¢50,000.00 up to GH¢5,000,000.00
3	Price Quotation	
	a. Goods	Up to GH¢100,000.00
	b. Works	Up to GH¢200,000.00
	c. Technical Services	Up to GH¢50,000.00

27. **As provided for under the 5th Schedule of Act 914, and considering the minimum amount for investment, the procurement method to be used at the MAs under the Program will be the National Competitive Tendering (NCT) for Goods and Works Procurement.** There will be no need for mandatory prequalification, as it is not envisaged over the Program period for any MA to procure Goods/Works above GHS10,000,000.00. From the above it is also clear that there will be no high value contracts under the Program above OPRC threshold.

28. **Program Systems and Capacity Improvements - Procurement Capacity Assessment revealed that both MLGRD and the MA do undertake procurements as per the law governing procurement in the country.** As such they have the stipulated procurement structures namely: (i) Procurement unit, (ii) Head of Procurement, (iii) Tender Committee, etc., and follow the procurement planning, review and clearance authorities as stated in the Law. At the MAs, there are still capacity and experience gaps and challenges and hence the need for the backstopping, as done under the LGCSPP. At the MLGRD, Procurement Unit is headed by a Principal Procurement Manager, supported by 4 Procurement Officers and 2 Administrators. It was noted that the Head has experience in public procurement as per the law. Contents of a couple of procurement documents reviews are of good quality with some improvements required. However, filing and records keeping still need improvement. At the MAs, almost all MAs have Procurement Units headed by a Procurement officer of the procurement professional class, mostly Higher National Diploma holders. These heads work together with the staff of the Works Department. Although by law the Procurement Heads are the head of the Procurement Units, there is a lack of adequate knowledge and experience in Public Procurement. At the MAs, the procurement capacities lie largely with the Engineers, Quantity Surveyors, Planning officers rather than the Procurement officers. These officers have varying levels of procurement proficiencies, which are affected by frequent staff transfers. Although the MAs have handled procurements, the support and backstopping arrangement provided under the LGCSPP went a long way to enhance delivery and performance, although there are still challenges, when they are left on their own as indicated earlier.

29. **Key mitigation measures to address procurement capacity gaps at IAs are the following:**

- i. Recruit two proficient Procurement Specialists (of Civil Engineering/Quantity Surveying background) at the MLGRD to offer hands-on/mentoring training to existing procurement staff at both national and local level;
- ii. The Program Operational Manual (POM) should have a clear procurement procedures, responsibilities, and process timelines;
- iii. MLGRD to closely monitor major procurements and contracts that influence infrastructure DLI achievement and continually track procurement execution and contract performance;
- iv. Undertake yearly procurement audits by the GAS;
- v. Ensure all files and records pertaining to procurement contracts are well filed and kept appropriately and individually at all IAs;



- vi. Make use of the specialized departments/units experts at National and Local levels as well as use external specialized consultants support as and when needed for Terms of References (ToR), preparation of Request for Proposals (RFPs), and bid evaluations.
- vii. Use only evaluators with the requisite knowledge and experience on the subject matter, who in addition have time to undertake the evaluation within the established time;
- viii. Avoid transfers that will cause replacement by staff with lack of knowledge on the Program implementation;
- ix. Procurement Units and Works Department should continue to work together in implementing procurement at the MA level to consolidate experience and knowledge on procurement implementation and management;
- x. Improve contract supervision and monitoring, and application of the conditions of contract to minimize poor performance of service providers.

30. **Program procurement Audit and Assessment** – while the PPA will continue to undertake its annual assessment of MAs on procurement, the supreme audit institution of Ghana – GAS - should start to undertake Procurement Audit of the Program and share the reports with the World Bank.

Fraud and Corruption Risks and Mitigation

31. **The major governance concerns underlying the proposed GSCSP include the questions of** (i) the investments choices using a transparent appraisal process; (ii) whether Programs are benefiting the right group of beneficiaries; (iii) contract management in accordance with best practice and acceptable standards; and (iv) achieving optimal value for money by minimizing the risks of Fraud and Corruption (F&C). In many of these areas, Assemblies' performance over the years have been less effective in identifying and tackling F&C in their operations. The underlying challenges consist of institutional bottlenecks, including weak coordination among relevant agencies in handling corruption issues, weak capacity and incentives.

32. **Notwithstanding these challenges, strong regulatory framework has been developed and a solid Government commitment to tackling corruption in the public sector has emerged.** Political will has translated into the creation of Ghana's first ever Office of Special Prosecutor (OSP) in July 2017, followed by the appointment of a Special Prosecutor in February 2018. The OSP is intended to provide a solution to the institutional bottlenecks affecting the fight against corruption. Apart from investigating corruption cases and prosecuting public officials indicted for acts of corruption, the OSP's role is expected to complement the functions of accountability institutions such as the Commission on Human Rights and Administrative Justice (CHRAJ) and Economic and Organized Crime Office (EOCO). Thus, the risks of F&C associated with implementation of the Program are **Moderate**.

33. **The new PFM Act (Act 921) passed in 2016 has further strengthened the regulatory framework on F&C.** The law mandates, among other things, the creation of Audit Committees (ACs) by all Assemblies, to enhance the fight against F&C through effective implementation of recommendations of external and internal audit reports. All Assemblies have now established ACs, replacing the dysfunctional Audit Report Implementation Committees (ARIC). The most important innovations of the reform include the significant independence given to ACs and the inclusion of external professionals in the composition of the Committee. While the operational effectiveness of ACs is not guaranteed, as some MAs face the difficulty



to find highly qualified independent external members⁹³, there are significant prospects of ACs producing results, where their predecessor (ARIC) failed. Providing the appropriate incentives to ACs will promote expected results in terms of improved accountability of Assemblies for utilization of public funds.

34. **A key initiative taken by the Government to fight corruption is the adoption of the National Anti-Corruption Action Plan (NACAP:2011-2021).** NACAP is supporting capacity building to fight corruption, institutionalize accountability, and engage individuals and key actors in identifying and fighting corruption. While its implementation has been slow, due to limited funding and capacity, NACAP has facilitated improved reporting on F&C cases. Since the Plan was approved by Parliament in 2014, two progress reports were prepared on its implementation, and among the key findings were: increased use of innovative measures in awareness creation on NACAP, including the use of audio-visuals on platforms; progressive improvement in the implementation of NACAP's broad activities, which has increased from 57 in 2015 to 86 in 2016 (out of 154); and 20 institutions out of 325⁹⁴ now make budget allocations to implement NACAP.

35. **The Government actively supports complaints handling in the public sector.** The creation of the CHRAJ 1993 provides critical mechanism for investigation of corruption allegations, breaches of the code of conduct for public officers as provided under Chapter 24 of the 1992 Constitution. CHRAJ is an independent multi-purpose complaint handling institution. Its role includes protection of human rights, promotion of administrative justice, while serving as the national Anti-Corruption Agency. CHRAJ exudes strong capacity and reputation, and has 157 staff, with sub-offices at regional level. CHRAJ received 110 corruption allegations in 2015 and 2016 and completed investigation on 57 (52%) during the period.

36. **Municipal Assemblies have own Client Service Units (CSUs) and mechanisms for complains handling.** The Assemblies' Public Relations and Complaints Committees receive and investigate complaints made against the conduct of members and staff of the Assembly. Incentives provided to Assemblies through the FOAT resulted in the creation of CSUs by MMAs. The functional effectiveness of CSUs remains a challenge, but the Units have established basic mechanisms that can be improved for tracking and responding to citizens feedback. The District Assembly Performance Assessment Tool (DPAT) has been introduced in 2018 to replace the FOAT assessment. DPAT seeks to increase Assemblies' proactivity on F&C issues, by introducing more stringent requirements that Assemblies must fulfil to access the RFG allocations of the DACF.

37. **Assemblies are beginning to invest in mechanisms for public disclosure of information to citizens, as greater fiscal transparency is a necessary condition for fighting Fraud and Corruption.** The development of PFM Template for Assemblies has allowed proactive disclosure of budget information (albeit on limited scale) and active public participation in the local government budget process through Town Hall meetings. However, not all MMAs are consistently using the PFM template to provide information to citizens. Moreover, while important achievements include active civil society participation in Assemblies' process through SPFEA and Town Hall meetings, considerable efforts need to be made to increase citizens access to Assemblies and the information they produce. A coherent online presence of Assemblies can strengthen information disclosure.

⁹³ Some of the existing external members are on multiple Committees and are not readily available for meetings, so even though Committees have been inaugurated, a lot of them have not been able to meet.

⁹⁴ Key findings from NACAP Progress Report (Jan-Dec 2016), CHRAJ



38. The measures outlined below are intended to strengthen governance capacity of Assemblies, improve their performance and efficiency.

- *Improving collaboration between MLGRD and CHRAJ in handling F&C allegations.* The collaboration would be formalized through partnership agreement with CHRAJ under the terms that allow (i) MAs to forward F&C allegations directly to CHRAJ; (ii) CHRAJ conduct investigation on the allegations, conduct visits to participating MAs to supervise the handling of grievances by the MAs, and prepares annual reports on fraud & corruption pertaining to the Program.
- *Strengthening governance capacity of MAs in targeted areas.* These areas include: (a) capacity for client services and complaints handling, by ensuring that CSUs of Participating MAs are equipped with tools and processes to receive and handle complaints, while collaborating with CHRAJ in handling F&C allegations; (b) strengthening Audit Committee capacity to ensure the Committees have the right mix of skills, meet regularly, and annual committee activity report prepared in accordance with the new legislation; (c) capacity for information disclosure by encouraging development of MAs website for coherent online presence, publication of key information on own website and notice boards; and (d) support to Government program on DPAT to introduce more stringent performance measures on F&C in the DPAT assessment

39. The Program will be implemented in accordance with the provisions of the Anti- Corruption Guidelines (ACG) applicable to PforR operations. The modalities for implementing the ACG will include the following:

- The CHRAJ will be the Government's focal office for the purposes of ACG application.
- The government will undertake investigations, criminal and administrative, under the Program, of all material and credible allegations of fraud and corruption, and keep the World Bank abreast of their progress and findings and make public the conclusions.
- The government will provide the World Bank with reports annually or more frequently as warranted, reporting allegations of fraud and corruption under the Program received and registered, as well as related investigations and, the needed actions taken. Reciprocally, if the World Bank finds any evidence of corrupt practices, the World Bank will, to the extent consistent with the World Bank policy, refer the case to the Government for investigation.
- If the World Bank decides to conduct an administrative review into allegations or other indications of fraud and corruption in connection with the Program, conducted alone, together or parallel with the government investigation, the government will cooperate fully with representatives of the World Bank and take all appropriate measures to ensure the full cooperation of relevant persons and entities subject to the government jurisdiction in such investigations, including, in each case, allowing the World Bank to meet with relevant persons and to inspect all of their relevant accounts, records and other documents and have them audited by or on behalf of the World Bank. If the World Bank finds evidence of corrupt practices, the World Bank will refer the case to the government for investigation under the relevant criminal and civil laws. The World Bank may, however, debar private individuals and firms on its own.



- The World Bank's right to investigate or conduct review does not extend to criminal investigations, which is the exclusive jurisdiction of the government.
- The government will ensure that any person or entity debarred or suspended by the World Bank is not awarded a contract under or otherwise allowed to participate in the Program during the period of such debarment or suspension. The MLGRD will be responsible for the enforcement of the World Bank's debarment list.
- The bidding documents will serve as the bidders' source of information regarding the applicability of the ACG to the program. Compliance will be verified through the Program's annual audits.

40. **Complaints Handling and Grievance Redress** - Participating MAs and CHRAJ will coordinate complaints handling under the Program. MAs have own CSUs and mechanisms for complains handling. MAs will be responsible to (i) receive, register, respond to, and resolve complaints under the Program; (ii) maintain a register of all complaints received, including those relating to F&C and prepare annual report on the grievances handled specifically for the Program, and (iii) forward all complaints relating to F&C to CHRAJ in accordance with the terms of the Partnership Agreement that will be established.

41. The role of CHRAJ in the complaints handling will be to: (i) receive, keep records and investigate corruption cases from the MAs and citizens; (ii) prepare separate annual reports on F&C specifically for the Program; and (iii) conduct visits to participating MAs to supervise the handling of grievances.

42. **A partnership agreement will be established between MLGRD and CHRAJ, and will include a section on handling F&C.** The aim is to promote and formalize collaboration between MLGRD and CHRAJ in handling complaints and corruption allegations under the Program. The Agreement will also provide institutional and operational guidelines for compliance with the World Bank's governance and anti-corruption requirements on respecting the World Bank debarment list, transparent reporting and effective handling of grievances, including F&C allegations.



ANNEX 5. SUMMARY ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT

COUNTRY: Ghana

Ghana Secondary Cities Support Program

Introduction

1. **An Environmental and Social Systems Assessment (ESSA) for Ghana was conducted in compliance with World Bank's requirements to process this Program.** The ESSA was informed by the findings from desk review of relevant documents, including the safeguards frameworks of the ongoing Local Government Capacity Support Project (LGCSP); the 2006 Safeguards Diagnostic Report for the Piloting of the Use of Ghanaian Systems to Address Environmental Safeguard Issues under the Ghana Energy Development and Access Project (GEDAP), Progress Reports and Aide Memoires for the LGCSP, Ghana's Environmental, Social and Health & Safety Laws and Regulations, Ghana's EIA Procedures and Environmental Assessment (EA) Sectoral Guidelines and environmental, social and resettlement frameworks of existing World Bank-financed projects in Ghana.
2. **Field visits and site assessments of representative subprojects under the LGCSP were also conducted by the ESSA Team in five MMAs located in four Regions to observe actual implementation of the existing frameworks and specific instruments (such as ESMP and ARAP) under LGCSP.** Safeguards Teams and Focal Points and Contractors were interviewed on January 23 – 30, 2018 as well as Policy, Planning and Budget, Monitoring and Evaluation (PPBME) Directorate of MLGRD, National EPA and Regional EPA, the Land Valuation Division (LVD) of the Lands Commission, and Environmental and Social Practitioners.
3. **The assessment of track record and implementation performance relies heavily on how environmental and social requirements and arrangements are carried out under the existing LGCSP.** The improvements under the Program are based mainly on the experiences and lessons learned from LGCSP.
4. **The findings and recommendations of the ESSA were discussed with MLGRD and selected MAs in January 2018 and with various stakeholders in March 2018 in Accra.** Feedback and inputs from the stakeholders were solicited during the consultations and considered in the ESSA, including the recommendations and the actions in the Program Action Plan.

Environmental and Social Impacts and Risks of the Program

5. **The Program is expected to provide environmental and social benefits,** including: (i) improved health and sanitation in schools, public markets, commercial complexes, abattoirs, bus terminals, etc. through provision of sanitation, water and wastewater treatment facilities in these establishments; (ii) improved air quality due to improved traffic flow, reduced fuel consumption and dust entrainment through better roads; (iii) reduced road flooding and reduced roadside erosion through drainage improvement; (iv) reduced traffic congestion and reduced pedestrian accident hazard through improved bus terminals; (v) enhanced green cover through establishment of public parks and landscaping of public areas associated with the planned urban infrastructure; (vi) increased awareness on the importance of environmental management at the MA level that has an effect outside of the Program investments; (vii) improved community accessibility to schools, health centers, public markets and commercial centers through better roads; (viii) improved security and safety through improved walkways and street lights; (ix)



better conditions for vendors, stall and business owners and customers along commercial centers and public markets; (x) better conditions and safe environment for drivers and commuters through improved bus terminals; (xi) employment opportunities for the community through construction and maintenance of the municipal infrastructure; and, (xii) strengthened local capacity to deliver.

6. The Program is also expected to generate negative environmental and social impacts and risks mainly during construction. Based on LGCSP experience whereby MMAs opted to implement relatively small to medium-sized subprojects within the existing Right-of-Way (RoW) or premises with minimal land acquisition requirements, if any at all, mainly because of limited budget allocation, impacts have been observed and are expected to be limited and confined within the physical footprint of subprojects and standard mitigation measures are known and effective. MMAs also wanted to speed up implementation and did not want to get stuck in lengthy process of acquiring lands and preparing assessments and plans required for high risk investments. In addition, the Program activities are located in urban areas and within existing ROW or premises, encroachment in or degradation of natural habitats has not taken place under LGCSP and is not expected to also happen under the Program. Environmental impacts of civil works related to subprojects are temporary in nature, manageable and localized. The potential environmental and social impacts from the Program range from localized air and water pollution, health and safety of workers and communities, erosion and sedimentation of waterways, minor land acquisition and temporary economic displacement of vendors, hawkers, drivers, etc. who need to move out from the construction sites during construction. Risks from labor influx and gender-based violence are expected to be low to moderate considering the Program's use of and preference for local labor over imported or outside labor.

7. The Program will exclude investments that have significant adverse environment and social impacts and risks or those categorized as A under World Bank's EA policy and Schedule II category under GoG's EA Regulation. These would include works: (i) outside of existing rights-of-way; (ii) involving physical relocation of more than 200 people; (iii) likely to adversely create or exacerbate conflict within communities; (iv) having significant adverse impacts on communities and sensitive receptors; (v) involving large scale market construction falling under Schedule 2 of Ghana's EA Regulation that contribute to large amount of solid wastes in the cities; (vi) involving large-scale flood control systems such as dams or large dykes; (vii) involving sanitary landfills; and, (viii) that would significantly convert natural habitats or alter potentially important biodiversity and/or cultural resource areas.

Adequacy of Legal and Institutional Frameworks

8. Environmental Assessment, Natural Habitats, Physical Cultural Resources, Health & Safety - Ghana's Environmental Protection Agency Act of 1994 is the EA framework legislation for the country. In its entirety, it defines requirements that will govern EA for the Program. The procedures for compliance with EA requirements are elaborated in the Environmental Assessment Regulations of 1999 or Legislative Instrument (LI) 1652, which consists of Thirty Regulations and Five Schedules detailing procedures to be followed in the EA process.

9. The ESSA Team's assessment of country's EA Systems and Regulations reveals that there are clear regulations, good procedures, sectoral guidelines and systems in place to (i) screen subprojects for potential environmental and social impacts; (ii) determine the level of environmental and social analysis and specific plan to be prepared based on the outcomes of the screening; (iii) review the results of the



assessment and plan and clear environmental permitting process; (iv) monitoring and follow-up; and, (v) penalty and sanctions for violations and infractions to the system.

10. **All proposed subprojects under LGCSP were subjected to environmental and social screening to decide if they required full EIA, preliminary environmental report with ESMP, or no environmental assessment was needed.** The MMAs used LI 1652 (Schedule 1, Schedule 2 and Schedule 3), various EA Sectoral Guidelines issued by the EPA and the screening form developed under LGCSP to screen subprojects at the earliest stage. Both the World Bank OP 4.1 and LI 1652 categorize subprojects into three; i.e. Schedule 2 of LI 1652 (Category A under World Bank), Schedule 1 of LI 1652 (Category B under World Bank). Those not falling within Schedule 1 or Schedule 2 are outside the purview of LI 1652 and hence, are not covered and therefore did not require any assessment beyond screening (Category C under World Bank). Schedule 1 subprojects were required to prepare a preliminary environmental report with environmental and social measures, while Schedule 2 subprojects were required to prepare and submit ESIA, which were subjected to consultations and public hearing. Consultations for Schedule 2 subprojects started with scoping and TOR drafted for the preparation of ESIA report which was made available to the public.

11. **There are eight EA sectoral guidelines issued by the EPA with support from the Netherlands Environmental Assessment Commission to guide proponents and developers in the screening of their subprojects, preparing relevant assessments and plans and processing the environmental permit application.** One of the key EA sectoral guidelines that is relevant to the Program is the 2011 EA Sectoral Guidelines for General Construction and Services Sector that cover most of the activities under the Program, including housing and residential buildings, educational, institutional and research facilities, cultural, health, religious, government and public offices, commercial buildings, industrial buildings, recreational and entertainment, transportation, water and sanitation and communications services. The guidelines basically cover almost all types of works and services that the Program will support.

12. **The EA system of Ghana also takes into account laws and regulations to screen and manage impacts and risks on natural habitats, physical cultural resources, health and safety, people, livelihoods, land acquisition and resettlement, vulnerable and marginal groups, etc. as set forth in Schedule 1 of LI 1652 that provides the list of undertakings that require registration with EPA and issuance of an environmental permit.** Schedule 2 lists undertakings for which EIS is mandatory. EIS is also required for any proposed undertaking or development located in any of the areas broadly defined as environmentally sensitive in Schedule 5 of LI 1652.

Land Acquisition and Resettlement

13. **Land administration in Ghana is guided by The National Land Policy (1999), which provides a broad framework and policy guidelines aimed at enhancing land management systems, use, conservation of land resource and enhancing environmental quality.** The 1992 Constitution upholds the private ownership of land. However, Article 20 provides for compulsory acquisition of land for public benefit, subject to the payment of “prompt, fair and adequate compensation.” Article 20(3) further stipulates that where the compulsorily acquisition involves the displacement of any inhabitants the state shall resettle them on suitable alternative land having due regard to their economic well-being and social and cultural values.



14. **The detailed procedure for acquisition is outlined in the State Lands Regulations 1962 -(LI 230).** Once a Government institution needs land it applies to the Minister responsible for Lands and Natural Resources who then authorizes the Regional Lands Officers in whose region the land to be acquired is located to convene the Site Advisory Committee. The Committee undertakes a detail inspection and survey of the property in question to determine the legal boundary, ownership, and improvements effected. It examines the merits of the proposed acquisition and submits its recommendation to the Regional Lands Officers who, in turn, forward the recommendation together with a certificate of valuation of the land from the Land Valuation Division of the Lands Commission to the Minister for approval (sections 1-3).

15. **Compulsory acquisition requires public notification of the land to be acquired and the use to which it will be put.** It is a mandatory requirement that a copy of the instrument of acquisition be served on any person having an interest in or possession of such lands or be affixed at a convenient place on the land and be published thrice in a newspaper circulating in the district where the land is situated. Section 4 of State Lands Act 1962, (Act 125) requires that people seeking compensation submit their claims in writing to the Lands Commission which *“shall cause the payment to the owner, of fair and adequate compensation to be assessed by the Government for the land acquired.”* The valuation of affected assets gives due consideration to the values of the land (and other losses suffered) and the benefits to be derived by the people in the area (by way of the use to which the state is going to put the land). However, individuals are at liberty to engage the services of private valuers, but at their own cost.

16. **Based on the ESSA Team’s assessment, there is lack of clarity on the regulatory and institutional frameworks on resettlement in the country and there is lack of recognition of PAPs who do not own titles to lands in terms of compensation and entitlements.** There is also inadequate capacity and support to manage social safeguards within the MLGRD and at the MAs. EPA focusses more on environmental requirements and do not provide adequate checks on the social aspect of the regulatory requirements.

Vulnerable Groups

17. **Legislation and Regulations on vulnerable groups are governed by a number of acts viz:** (i) Persons with Disability Act, 2006 (Act 715) that provides for consideration of persons with disability in design and implementation of infrastructure, including provision of access for handicapped individuals; (ii) Domestic Violence Act, 2007 (Act 725) that provides for the protection of women and children from domestic violence including Gender-Based Violence (GBV); (iii) Children’s Act, 1998 (Act 560) to reform and consolidate the law relating to children, to provide for the rights of the child, maintenance and adoption, regulate child labor and apprenticeship; (iv) Ghana Aids Commission Act, 2002 (Act 613) that establishes a Commission to formulate a national HIV/AIDS policy, develop programs for the implementation of the policy, and direct and co-ordinate the programs and activities in the fight against HIV/AIDS; and, (v) Juvenile Justice Act, 2003 (Act 653) to provide a juvenile justice system, to protect the rights of juveniles, ensure an appropriate and individuals response to juvenile offenders, among others.

Capacity and track Record

18. **The Regional Offices of the EPA are the ones directly involved in the screening of subprojects under the Program, review of relevant ESMPs, issuance of environmental permits and monitoring during implementation.** There is an average of six technical/professional staff at each EPA Regional Office



with technical staff ranging from 2-12 (Greater Accra has 12 technical staff). The backgrounds of technical staff range from agriculture, environment, natural resource management, engineering, chemistry and social sciences. The Regional Offices receive and review EA applications, EMP/ESMP and issue environmental permits for subprojects within its thresholds normally those listed in Schedule 1 of LI 1652. They also take a lead role in responding to complaints, investigating and prosecuting violations such as developments that fail to follow and comply procedures in LI 1652. They make field inspections and conduct monitoring. The Heads of the Regional Offices report to the Deputy Executive Director of Fields Operations in EPA Headquarters. Prior to 2004, EPA review was centralized but it is now being decentralized to regional offices with review of category B projects being done at the Regional offices.

19. The Program will be implemented by MLGRD. The PPBME) Directorate of the MLGRD is the entity designated to manage the Program. The Director of PPBME who leads the Program Implementation Unit will supervise the implementation of the investments/sub-projects in close collaboration with the EPA. The Director will also be responsible for (i) supporting the MAs in screening subprojects and preparation of appropriate instruments based on EPA's requirements under the EA Regulations or LI 1652; (ii) supporting MAs in ensuring contractors comply with environmental and social measures during construction phase; (iii) delivering training and capacity building program for MAs to build and enhance their capacities to management environmental and social impacts; and (iv) monitor the implementation of MAs in implementing the environmental and social measures in subprojects, including ARAPs.

20. The MLGRD procured an Environmental and Social (E&S) Specialist under the LGCSP and the same arrangement is envisaged under the Program. However, with the anticipated scaling up of activities and investments under the Program, the E & S staffing at the MLGRD will need to be beefed up to enhance and improve support to MAs. Specifically, for the duration of this Program there is a need to procure a Social Development Specialist to work in tandem with the existing E & S Specialist whose background and experience is more on environment.

21. There is also a need for the E & S Specialists to do more monitoring of safeguards compliance during Program implementation and conduct trainings to MAs specifically the Safeguards Team of the MA. This will help to improve screening, implementation of mitigation measures and reporting.

22. At the MA or subproject level, the Planning Officers have been designated as the Safeguards Focal Persons assigned to lead the safeguards works, including conducting first level screening of subprojects to determine eligibility and safeguard requirements, preparation of safeguard instruments such as ESMP and ARAP with the assistance of private consultants. The Planning Officer is assisted by and works very closely with the Municipal Works Engineer and Environmental Officers, where available. Although the MAs have Gender Desk Officers, they have not played any significant role under the LGCSP. The Program will propose key roles for the Gender Officers to ensure that gender related issues are addressed during implementation.

23. Consultants and Contractors will be hired by the MAs to prepare ESMPs and ARAPs and implement the works, respectively. The Contractor's contract under the Program will use a World Bank's enhanced standard bid document, which contains generic provisions on health and safety of workers and communities, and implementation of relevant environmental codes of practices such as site restoration, sourcing of construction materials, and securing relevant permits prior to construction.



Environment and Social Risk Ratings of the Program

24. **Environmental Risk Rating is Moderate** mainly due to a good regulatory and institutional frameworks and systems. The Environmental Agency in the country is able to manage environmental risks from the types of investments and scale and magnitude of impacts from subprojects to be supported by the Program. With clarity and improvement on staffing and resourcing, screening, sectoral guidelines, trainings and capacity building, environment risk is assessed to be Moderate.

25. **Social Risk Rating is Substantial** mainly because of the lack of clarity on the regulatory and institutional frameworks on resettlement in the country and the lack of recognition of PAPs that do not own titles to lands in terms of compensation and entitlements. There is also inadequate capacity and support to manage social safeguards within the MLGRD and at the MAs. EPA focuses more on environmental requirements and does not provide adequate checks on the social aspect of the regulatory requirements.

Environmental and Social Action Plan

26. **To manage potential impacts and risks, and to strengthen the country system for environmental, social, health & safety management, particularly at MA level, the ESSA recommends the following measures/actions.** The Program will integrate these recommendations into the Program Action Plan and POM.

27. **Establishing and strengthening the Environmental and Social Management System at the MA level and at the MLGRD PPBME Directorate level:** Under the Program, all participating MAs must demonstrate that they have established a functional system for Environmental and Social Management as a minimum requirement to access grants. During the first year of the Program, all participating MAs will be required to formally establish an Environmental and Social Team with clear terms of reference, which will be comprised of (i) an Environmental and Social Management Focal Person; and, (ii) 2-3 members preferably from the Engineering, Health and Social Welfare Units of MAs. Once established, the E & S Team will undergo a training on screening; use of EA sectoral guidelines; use of RPF and resettlement action planning; management of environmental and social impacts of construction; environmental and social supervision monitoring and reporting; and, grievance redress. These trainings will be orchestrated and organized by the PPBME Directorate in collaboration with the EPA and its EA Training Institute, LVD of the Lands Commission and the World Bank.

28. **Improving screening and updating EA Sectoral Guidelines:** The environmental and social screening used under the LGCSPP will be updated to consider subprojects that are outside Schedule 1 of LI 1652. The EA Sectoral Guidelines for General Construction and Services Sector will also be updated to reflect the minimum E & S requirements for those subprojects falling outside Schedule 1 of LI 1652. The updating of these documents should be done prior to effectiveness of the Program.

29. **Updating and adopting a Resettlement Policy Framework:** This will be done to reflect the experiences and lessons learned from the LGCSPP, including identification of the different types of PAPs, entitlement matrix that recognizes and provides entitlements to different kinds of PAPs, consultations and disclosure, monitoring & reporting and grievance redress.



30. **Annual performance review and audit on environment and social management:** As part of assessing MAs request to access grant/financing from the Program, an E & S systems' review and audit will be done as part of the assessment. On year 1, the review will focus on establishment and E & S Team with clear terms and reference and financing, while year 2 onward the review will focus on environmental and social compliance, trainings and capacity building programs.
31. **Strengthening consultation, stakeholders' collaboration and grievance redress:** Consultations, information disclosure and grievance redress will be strengthened under the Program by developing some guidelines on consultations and stakeholder engagement and making the grievance redress more functional and operational. Training on grievance redress mechanisms, recording, monitoring and reporting shall be one of the trainings to be delivered regularly to MAs.
32. **Improving capacity:** The Program will work with EPA through its Environmental Assessment Training Institute to expand the training modules it currently has and to deliver these trainings to MAs and environmental and resettlement consultants and practitioners helping the MAs develop their ESMPs and ARAPs. The MLRGD and the EPA will collaborate to develop and deliver these trainings to MAs.



ANNEX 6. PROGRAM ACTION PLAN

COUNTRY : Ghana

Ghana Secondary Cities Support Program

Action Description	DLI#	Responsibility	Recurrent	Frequency	Due Date	Completion Measurement
Hiring of a Social Development Specialist at the Program Execution level in addition to the current Environmental Specialist under the LGCSP.		MLGRD	No		1 month after the Program effectiveness	Procurement plan and HR plan of the MLGRD.
Establishing the E&S Team at MAs with clear terms of reference comprising of (i) Safeguards Focal person; (ii) 2-3 team members preferably from the Engineering, Health and Social Welfare Units of MAs.		MAs, OHLGS	No		31-Dec-2018	(i) in POM: clear Terms of Reference (ToR) for specialist; and (ii) issuance of Directive signed by the Head of the OHLGS to Chief Executive of MAs to establish the E & S Team with clear ToR
Annual E & S performance review of MAs to validate existence of a functional E & S system and assess compliance.		MLGRD, EPA, Independent consultants	Yes	Continuous		ToR for the performance review and annual performance review report.
Strengthen consultations, information disclosure and grievance redress by developing guidelines on consultations and stakeholder engagement with support from the World Bank.		MLGRD, MAs	No		31-Dec-2018	Developed guidelines and provision support on consultations and stakeholder engagement (including records management and resolution of grievances, Implementation report with list of membership and training needs)
Coordination and		MLGRD, RCC, MAs	Yes	Continuous		Adoption and



implementation of gender related activities between the MGCSP, MLGRD, RCCs and the MAs						implementation of annual MLGRD/MDAs technical back-up support plan
Improvement in MAs revenue mobilization drive; Building capacity of MAs revenue officers for improved IGF mobilization and collection	Composite annual average urban performance benchmark score by Program MAs	MoF, OHLGS, RCC	Yes	Continuous		Improvement in PB assessment score
Training and capacity building backed by incentives for producing financial reports through GIFMIS; with Regional transaction processing centers located at RCCs used by participating MAs that have no direct access to GIFMIS		CAGD/GIFMIS	No		31-Dec-2018	Adoption and implementation of annual MLGRD/MDAs technical back-up support plan
Enforce punitive measures as per PFM Act 2016, Act 921. Strengthen internal audit units to effectively report financial improprieties		MDAs, OHLGS, RCC, MAs	Yes	Continuous		Regional Internal Auditor and Municipal Audit Officer in place (RCC, and MAs)
All participating MAs appoint Audit committee members in accordance with the PFM Act 2016		MLGRD, MAs	Yes	Continuous		Annual Audit Committee report
Strengthen Audit Committees (ACs) in terms of training and provide needed financial resources for AC members		MoF, IAA, OHLGS, RCC, MAs	Yes	Continuous		Adoption and implementation of annual MLGRD/MDAs technical back-up support plan
Continuous M&E of		MLGRD, PPA,	Yes	Continuous		POM and Annual



procurement execution and contract performance, and undertake annual procurement assessment		RCC, MAs				procurement assessment report
Generate and maintain up-to-date records of grievances received, treated, referred to other agencies. Prepare annual grievance redress report, showing grievances received, proportion handled and cases referred to CHRAJ and other agencies.		CHRAJ, MLGRD, MAs	Yes	Continuous		Annual grievance redress report
Develop grievance redress manual/guideline		MLGRD	No	Continuous	31-Dec-2019	POM includes annex on grievance redress manual/guideline
Develop websites for participating MAs; Ensure publication of key fiscal information on notice boards		MLGRD	Yes	Continuous		POM. websites in place



ANNEX 7. IMPLEMENTATION SUPPORT PLAN

COUNTRY: Ghana

Ghana Secondary Cities Support Program

1. **The strategic approach for the implementation support (IS) has four objectives:** (i) to monitor the implementation of the risk mitigation defined in the technical, fiduciary, and safeguard assessments, (ii) to provide the client the technical advice necessary to facilitate the achievement of the PDO; (iii) to monitor implementation progress on the Program and to contribute to the quality of the capacity building of stakeholders by providing best practices and benchmarks, and (iv) to ensure compliance with the provisions of legal covenant. The World Bank team will provide training/clinics and support during implementation support missions on the implementation of the Program as appropriate, including the implementation of the action plan. The World Bank technical implementation support will include, but not limited to, providing relevant sample ToRs, bid documents, and specifications for equipment to be procured under the Program.

2. A majority of the World Bank's implementation support team members (fiduciary, environmental and social management, and Governance and Anti-Corruption), including the Task Team Leader, are either based in the Ghana Country Office or in the Region. This will ensure timely, efficient and effective implementation support to MLGRD and the participating MAs. Formal implementation support missions and field visits will be carried out semi-annually. In addition, since they are based in the country, majority of the World Bank's implementation support team will be available to provide assistance at any time over the life of the Program. The main focus of the implementation support is summarized below:

Implementation Support

Time	Focus	Skills Needed	Resource Estimate	Partner Role
First twelve months	Technical and Procurement support	Procurement Specialist Municipal Engineer	4 SWs 4 SWs	NA
	Procurement Training	Procurement Specialist	1 SW	
	FM training and supervision	FM Specialist	2 SWs	
	Project supervision coordination	Operations Specialist	6 SWs	
	Social systems management training	Social systems specialist	3 SWs	
	Environmental management training	Environmental specialist	8 SWs	
	LED specialist	LED	3 SWs	
	Task Team Leadership	TTL	8 SWs	
12-60 months	Financial Management, disbursement and reporting	FM Specialist Local Government Specialist	2 SWs 8 SWs	NA
	Technical and Procurement monitoring of procurement, assets management, and contract management performance	Procurement Specialist Municipal Engineer LED	12 SWs 8 SWs 8 SWs 4 SWs	
	LED specialist			
	Environment/Social monitoring	Environment Specialist Social Specialist	6 SWs 6 SWs	
	Task Team Leadership	TTL	8 SWs	

*SW – Staff Week***Staff Skills Mix Required**

Skills Needed	Number of Staff Weeks	Number of Trips	Comments
Task Team Leader	8 SWs annually	2-3	Country Office based
Procurement	5 SWs annually	Field trips required	Country Office based
Financial Management Specialist	2 SWs annually	Field trips required	Country Office based
Environment Specialist	2 SWs annually	Field trips required	Country Office based
Social Specialist	2 SWs annually	Field trips required	Country Office based
Municipal Engineer	4 SWs annually	Field trips required	Consultant
LED specialist	2 SWs annually	Field trips required	Consultant