Program Information Documents (PID)

Appraisal Stage | Date Prepared/Updated: 29-Jun-2018 | Report No: PIDA151210

BASIC INFORMATION

A. Basic Program Data

Country	Project ID	Program Name	Parent Project ID (if any)
Ghana	P164451	Ghana Secondary Cities Support Program	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
AFRICA	27-Jun-2018	19-Sep-2018	Social, Urban, Rural and Resilience Global Practice
Financing Instrument	**Borrower(s)**	**Implementing Agency**	
Program-for-Results Financing	Ministry of Finance	Ministry of Local Government and Rural Development	

Proposed Program Development Objective(s)

to improve urban management and basic urban services in participating municipal assemblies

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)

Total World Bank Group Financing	100.00
World Bank Lending	100.00
Total Government Contribution	161.00

B. Introduction and Context

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. 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, however, 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 by 2057.** This is enshrined in the Long-term National Development Plan of Ghana (2018-2057). Economic growth, social inclusion, resilient human settlements, and environmental sustainability are the main objectives of this Plan, and are to be achieved through greater administrative and fiscal decentralization. The newly elected Government aspires to enable a transformative shift in development focus *from* rural-based agricultural productivity *to* urban-based industrialization, promoting "One District, One Factory"[2].

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 14 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 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 9 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

[1] Volta, Northern and Upper West regions.
[2] Districts are the second-level administrative subdivisions in Ghana below the level of the Region.

to 16.6% 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. 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 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[3]. The climate variability in Ghana includes 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 lack of 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, promote climate change adaptation and mitigation, and promote a spatially integrated hierarchy of urban centres 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 jurisdictional boundaries.

[3] 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.

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[4]. The system and functions of local governments are regulated by the Local Governance Act of 1993 which was updated in 2016. 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[5]. 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 Government Act of 2016[6]. 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 government[7], 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, these rules are expected to be to fully consistent with the existing financing framework.

PforR Program Scope

13. **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.

[4] 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'.

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

[6] It synchronizes critical components of the provisions of Article 240 in the 1993 Republican Constitution namely fiscal decentralization (Acts 455, 462 and 658), political decentralization (Act 462), Decentralized Planning (Act 480); Administrative Decentralization (Act 656); Local Government Instrument, 2009 (Legislative Instrument 1961)

[7] 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

14. **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) and Capacity Support Grants (CSGs). 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 MAs within their respective regional jurisdictions and ensure that the MAs 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 of eligible MAs.

15. **The Government program (RFG/DPAT system), which is US$161 million and covers all the MMDAs countrywide, 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 RFG/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 and ensure mainstreaming into MA's annual action plan and interventions.[8] Most importantly, compliance with RFG/DPAT MCs will indicate that MA financial management is satisfactory[9]. 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[10].

16. **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:

- At least a MA from each of the 9 regions
- MAs with total population of 100,000 - 250,000 people – Secondary cities and focus of this operation

[8] 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.

[9] 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.

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

- MAs with at least 60% urban population – since the Program is urban focus and MAs which have surpassed the national urbanization threshold of 55% (2016)
- Must not be within Greater Accra Region or a Metro – Metros are primary cities and not the focus of this operation and Greater Accra Region has a number of projects on-going or pipelined[11]

17. **Using the above criteria to define the Program boundary, 19 MAs[12] 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 an official Memorandum of Understanding (MoU) with MLGRD. The MoU will formally commit the MA to the use of agreed SCSP procedures (as defined in the Program Operations Manual). More MAs will be eligible to join the Program when additional funding become available to warrant the scale-up of the Program. If all the 19 eligible MAs qualify they will receive a total UDG of US$ 37.997 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

18. **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 verification agencies (IVAs) (private consultancy firms), procured and supervised by MLGRD[13].

(i) Capacity Support Grant (CSG)

19. **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 eligible 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: (a) draw up an Urban Development Action Plan (UDAP); and (b) Annual MA expenditure statement shows that MA has followed approved annual UDAP work plan and CSG expenditure guidelines. 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.

20. **An MA will be able to use its CSG to finance 5 key areas 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

[11] US$ 150million WB funded GAMA Sanitation and Water Project; US$ 200million WB and GCF funded Greater Accra Clean, Resilient and Inclusive Development Project; and UAC 80million (estimated US$ 115million) AfDB funded Greater Accra Sustainable Sanitation and Livehoods Improvement Project.

[12] Suame; Old Tafo; Asokwa; Obuasi; (**Ashante Region**); Berekum; Sunyani; Techiman (**Brong Ahafo Region**); Awutu Senya East; Agona West; Mfantseman (**Central Region**); Lower Manyo Krobo; New Juaben South; Birirm; East Akim (**Eastern Region**); Sagnerigu; (**Northern Region**); Bawku (**Upper East Region**); Wa (**Upper West Region**) Ho (**Volta Region**) and Effia-Kwesimintsim (**Western Region**).

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

tranche to qualifying MAs at the beginning of the financial year. A maximum of 20% 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.

- Urban planning & services
- Urban economic development and competitiveness
- Sustainable urban systems – revenues
- Sustainable urban systems – maintenance
- Urban resilience and climate change/disaster risk management

(ii) Urban Development Grants (UDGs)

21. **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.

22. **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: (a) MA qualifies for DACF Responsiveness Factor Grant (RFG) by scoring at least the national average DPAT score; and (b) From Year 2 onwards- MA use of previous year's UDG has been consistent with guidelines in Program Operations Manual. 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$3 per urban population per capita (20 percent of their annual UDG of US$ 15).

23. **The Government program, using the District Performance Assessment Tool (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 MCs, 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.

24. **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 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, namely:

- Urban planning and services – 25%
- Urban economic development and competitiveness – 12.5%.
- Sustainable urban system – 37.5%
- Urban infrastructure delivery (from year 2) – 25%.

25. **An MA will be able to use its UDG to finance investments in five key areas of urban infrastructure and service delivery[14].** The services, which are commonly understood to be typically municipal mandates and are consistent with the provisions of the Local Governance Act (2017) are:

- Waste management (liquid and solid),
- Storm water drainage,
- Roads, non-motorized transport facilities, and street lights,
- Urban economic infrastructure, and
- Disaster management

26. **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). Thus, expenditures in the education, 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.

The Regional Window

27. **The Regional window will provide funding to all the 10 RCCs.** Subject to compliance with MCs, each RCC will be able to access fund 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: (a) RCC to prepare and adopt an annual workplan which includes monitoring, capacity building, technical support for MAs in its jurisdiction; and (b) From Year 2 onwards: RCC to submit quarterly M&E report and annual progress report to OHLGS and MLGRD on a timely basis. MC compliance will be assessed on an annual basis, and will be undertaken by independent consultancy firms, procured and supervised by MLGRD.

44. **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 National Window

45. **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).

46. **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 MLGRD coordinates support from national level ministries and agencies, and establishes an annual work plan for the deployment of such support. Key national level MDAs from

[14] See Annex 3 in PAD for details

whom support will be required include: The Ministry of Finance (FDU and other departments), the Local Government Service (LGS), the Land Use & Spatial Planning Authority (LUSPA), the Environmental Protection Agency (EPA), and the Land Valuation Division(LVD) of the Lands Commission.

47. **MLGRD will be responsible for ensuring that DPAT and UDG annual assessments are carried out and that UDGs and SCGs 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 eligible 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 in a timely manner.

48. **The Office of the Head of Local Government Services (OHLGS) will provide 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.

49. **In addition, OHLGS will be responsible for ensuring that key staff are in place in MAs and RCCs.** Key staffs 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.[15]

C. Proposed Program Development Objective(s)

Program Development Objective(s)

"to improve urban management and basic urban services in participating municipal assemblies".

50. **The Program, will focus on two results areas**: (i) improved institutional performance of participating MAs, 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.

51. **The proposed key PDO indicators are:**

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

28. **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 performances of the RCCs (DLI 5); and three DLIs at the national level of which 2 DLIs (DLI 6 and 7) are focusing on the performances of the MLGRD for DPAT assessment and Program management respectively; and one DLI (DLI 8) focusing at the performances 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 PAD, Annex 2, Attachment 1. All the DLIs 1 – 8 contribute to achievements of PDO Indicators and are summarized here below:

[15] Seven key positions in RCC, and eleven key positions in MA. For details, please see PAD.

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 MAs;
- DLI 8 – measures whether key RCCs and MAs staff have been assigned and OHLGS Annual Capacity Building Plan (ACBP) to support MAs and RCCs has been implemented

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

Table: GSCSP Disbursement-Linked Indicators

Program Window	DLI	Amount (US$ millions)	Expenditure Budget Line
Local	**DLI 1**: Extent to which Eligible Municipal Assemblies have achieved Capacity Support Grant (CSG) Minimum Conditions	3.0	MAs
	DLI 2: Extent to which Eligible Municipal Assemblies have scored equal to or above the national average DPAT Score	32.8	MAs
	DLI 3: Extent to which Eligible Municipal Assemblies have achieved Urban Performance Benchmarks Targets	41.7	MAs
	DLI 4: Extent to which Eligible 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 Assessments 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 MAs	2.5	MLGRD; LUSPA; EPA; LVB and Other MDAs

	DLI 8: Key RCC and MA staff have been assigned and OHLGS Annual Capacity Building Plan to support MAs and RCCs has been implemented	2.0	OHLGS
Total		100.0	

D. Environmental and Social Effects

53. **The Program will finance priority urban infrastructure works proposed by MMAs based on their 3-year Medium Term Development Plans.** Based on the experience of ongoing 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) Fire and 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.

54. **The Program will exclude investments that have significant adverse environment and social impacts and risks or those categorized as A under World Bank's Environmental Assessment (EA) policy and Schedule II category under GoG's EA Regulation.** These types of investments, while highly unlikely to be prioritized by the MMAs 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 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.

55. **The Environmental and Social Systems Assessment (ESSA) conducted by the World Bank for this PforR operation reveals 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 MMAs, and EPA focusses more on environmental requirements and do not provide adequate checks on the social aspects of the regulatory requirements. The Program's grievance redress system is also weak and will need to be made functional and operational.

56. **To manage potential impacts and risks, and to strengthen the country system for environmental, social, health & and safety management, particularly at the MMA 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 MMA level and at the MLGRD PPME Department level; (ii) improving screening and updating EA Sectoral Guidelines; (iii) uupdating and adopting a Resettlement Policy Framework; (iv) conducting annual performance review and audit on E & S management; (v) sstrengthening consultations, stakeholders' collaboration and grievance redress; and, (vi) improving capacity through sustained trainings of environmental and resettlement consultants helping MMAs develop their ESMPs and ARAPs; MMA E & S Teams, EPA and MLRGD staff.

57. **Communities and individuals who believe that they are adversely affected as a result of a Bank supported PforR operation, as defined by the applicable policy and procedures, may submit complaints to the existing program grievance redress mechanism or the WB'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 WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB 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 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. Financing

58. **The total Program funding, given in the table below, is US$261 million of which IDA financing is US$100 million (38.31%) and GoG parallel financing through the RFG is US$161 million (61.69%) 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[16]. 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, 19 secondary cities.

Table 8: Program Financing (US$ Million)

Source	Amount	% of Total
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**	

[16] US$16 million out of a total of Government funding 161million will be transferred to the 19 Program MAs

59. **Three Development Partners[17] 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 AfD has indicated willingness to co-fund the GSCSP, although the amount and when the funds will be made available is yet to be confirmed.

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