

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA18183**

**Date ISDS Prepared/Updated:** 04-May-2016

**Date ISDS Approved/Disclosed:** 20-May-2016

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Ghana	<b>Project ID:</b>	P152171
<b>Project Name:</b>	Economic Management Strengthening (P152171)		
<b>Task Team Leader(s):</b>	Dilek Aykut, Deryck R. Brown		
<b>Estimated Appraisal Date:</b>	16-May-2016	<b>Estimated Board Date:</b>	15-Jul-2016
<b>Managing Unit:</b>	GMF01	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	General finance sector (25%), Capital markets (25%), Public administration-Financial Sector (25%), Central government administration (25%)		
<b>Theme(s):</b>	Debt management and fiscal sustainability (25%), Macroeconomic management (25%), Public expenditure, financial management and procurement (25%), State-owned enterprise restructuring and privatization (25%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	15.00	Total Bank Financing:	15.00
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			15.00
Total			15.00
<b>Environmental Category:</b>	C - Not Required		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The Project Development Objective (PDO) is to strengthen the Government of Ghana's institutional capacity for revenue and expenditure management.

### 3. Project Description

The proposed operation will take a problem-driven approach to address key binding constraints that affect the Government's institutional capacity to better manage fiscal revenues and expenditures. As noted above, domestic revenue mobilization can be a key driver for creating the fiscal space necessary to finance critical infrastructure investments and unlock Ghana's development potential; however, tax revenue performance has remained significantly below comparator countries in the sub-Saharan Africa region. In the absence of growing domestic tax revenues, public debt has increased and with it, a growing debt-service burden which puts the economy at high risk of external debt distress and makes it particularly vulnerable to exogenous macroeconomic shocks. At the same time, quality and productivity of public expenditures has been low, with poor management of public investment projects often resulting in huge variations in cost and time over-runs, which further limits already scarce fiscal resources. Finally, as noted above, many Ghanaian SOEs continue to underperform in relation to their objectives, which has high economic and financial costs, resulting in inefficient service delivery, wasted resources, financial losses, and an accumulation of debt.

In order to address these interrelated and mutually-reinforcing challenges, the proposed operation has been designed to make selective interventions to simultaneously improve revenue management and control, and enhance the management and efficiency of government expenditures. On the revenue side, Component 1 seeks to improve the functioning of the GRA by establishing an integrated data warehouse for capturing a greater number of small, medium, and large taxpayers. By developing more accurate and reliable taxpayer information, as well as improving knowledge of potential taxpayers, GRA should be able to reduce tax non-compliance and revenue leakages, improve the efficiency of tax administration, and improve risk management and fiscal planning. As such, improved revenue management and control may even function, in the medium to long term, as a critical support to wider efforts to enhance the mobilization of domestic revenues.

In addition to addressing upstream revenue management and control, the operation aims to enhance the overall efficiency and management of expenditures through three critical components, namely: (i) Component 2, which seeks to improve debt management and transparency through the institutionalization of a credible annual borrowing plan, improving cash-flow forecasting, strengthening debt reporting and transparency mechanisms, and improving operational risk management; (ii) Component 3, which seeks to improve PIM capacity through targeted investments to develop a comprehensive PIM strategy and to enable government entities (e.g. MoF, MDAs, NDPC, SOEs, etc.) to better assess economic, financial, social, and environmental aspects of public investment projects; and (iii) Component 4, which seeks to address SOE governance challenges through a study of government equity, the establishment of a single SOE management entity, as well as piloting the introduction of corporate governance policies in a number of SOEs.

Underpinning this proposed theory of change (described in detail in Annex 6) are a number of assumptions, the absence or presence of which will determine whether outputs are translated into intended outcomes and impacts. With respect to Component 1, a critical assumption is that the improved revenue management and control supported by the project will not be accompanied by deteriorations in other areas of tax policy and administration, which could undermine long-term objectives of increasing tax revenues and compliance. With regard to Component 2, it is assumed that improved debt management practices will reduce Ghana's cost of borrowing and overall risk of the debt portfolio. Better debt management builds on better forecast of cash flows, contributes to a credible annual borrowing plan, avoids arrears, improves the debt reporting in a more transparent and effective way, and increases confidence, especially with investors. With respect to Component 3, it is

assumed that improved PIM frameworks and capacity will result in better prioritized and more efficient public investment decisions; however, this capacity is contingent upon sustaining human resources in critical institutions even after project closure. Finally, with respect to Component 4, it is assumed that better SOE management and corporate governance will result in better SOE portfolio performance and less fiscal risk. However, reforming governance alone will not solve all SOE problems, and lessons from the past suggest that corporate governance reforms should be accompanied by other reforms such as SOE restructuring and privatization. The proposed equity study under this component will enable GoG to make decisions about which SOEs to divest or privatize, which could be listed on the Stock Exchange to give Ghanaian citizens and investors an opportunity to become shareholders, and which to wind up. As the project is further developed, these and other assumptions will be treated as key risks to the achievement of the PDO, and relevant mitigation measure will be provided by the systematic risk assessment tool (SORT).

#### **4. Project location and salient physical characteristics relevant to the safeguard analysis (if known)**

The project will not have a physical footprint or prepare activities that may have a physical footprint.

#### **5. Environmental and Social Safeguards Specialists**

Demba Balde (GSU01)

Gloria Malia Mahama (GSU01)

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	No	This project will not invest in activities likely to affect the natural environment
Natural Habitats OP/BP 4.04	No	This project activities will not pose any threat to the natural habitat
Forests OP/BP 4.36	No	No impacts on forests are expected as the project will not be located on or close to any forest areas.
Pest Management OP 4.09	No	The project will not finance the purchase or use of pesticides
Physical Cultural Resources OP/BP 4.11	No	The project will not have impact on sites with any cultural significance.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous peoples in the project area
Involuntary Resettlement OP/BP 4.12	No	The project does not involve any physical works that will require the taking of land.
Safety of Dams OP/BP 4.37	No	The project does not involve dam construction or rely on any such structures.
Projects on International Waterways OP/BP 7.50	No	The project does not involve international waterways
Projects in Disputed Areas OP/BP 7.60	No	The project is not located in a disputed area.

## **II. Key Safeguard Policy Issues and Their Management**

### **A. Summary of Key Safeguard Issues**

<b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify</b>
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<b>and describe any potential large scale, significant and/or irreversible impacts:</b>
The project consists of technical assistance activities. There will be no design or feasibility studies of future infrastructure. Since the project does not have a physical footprint, there are no foreseen negative impacts on the physical and social environments.
<b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b>
Not applicable.
<b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</b>
Not applicable.
<b>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</b>
Not applicable.
<b>5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.</b>
Not applicable.

### ***B. Disclosure Requirements***

<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>

### ***C. Compliance Monitoring Indicators at the Corporate Level***

<b>The World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ <input type="checkbox"/> ] No [ <input type="checkbox"/> ] NA [ <input checked="" type="checkbox"/> ]

## **III. APPROVALS**

Task Team Leader(s):	Name: Dilek Aykut,Deryck R. Brown	
<b><i>Approved By</i></b>		
Safeguards Advisor:	Name: Maman-Sani Issa (SA)	Date: 11-May-2016
Practice Manager/ Manager:	Name: George Addo Larbi (PMGR)	Date: 20-May-2016