



1. Project Data

Project ID

P122692

Project Name

GH Local Government Capacity Support

Country

Ghana

Practice Area(Lead)

Social, Urban, Rural and Resilience Global Practice

L/C/TF Number(s)

IDA-48780

Closing Date (Original)

30-Jun-2017

Total Project Cost (USD)

161,052,913.00

Bank Approval Date

22-Mar-2011

Closing Date (Actual)

30-Jun-2018

IBRD/IDA (USD)
Grants (USD)

Original Commitment

175,000,000.00

0.00

Revised Commitment

174,957,033.30

0.00

Actual

161,052,913.00

0.00

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2. Project Objectives and Components

a. Objectives

According to the Project Appraisal Document (PAD) (p. vi) and the Financing Agreement of June 15, 2011 (p. 5) the objective of the project was to “i) strengthen the intergovernmental fiscal framework; ii) to strengthen local public financial management and accountability for improved infrastructure and services in urban assemblies; and iii) to improve citizens’ engagement with urban assemblies and their perceptions of urban management.’



b. Were the project objectives/key associated outcome targets revised during implementation?

No

c. Will a split evaluation be undertaken?

No

d. Components

Component 1: Strengthening the fiscal framework for decentralization (appraisal estimate US\$4.9 million, actual 4.7 million): This component was to finance the establishment of a predictable and transparent fiscal framework for local governance, through assisting the Ministry of Finance and Economic Planning (MoFEP) to develop and manage the fiscal framework for local governance. This component was to support the following activities: i) develop an inter-governmental fiscal policy; ii) introduce local government public financial management reforms in five key areas such as budgeting, reporting and auditing, revenue management, asset management, and social accountability; and iii) manage the overall system of intergovernmental fiscal relations.

Component 2: Enhancing decentralized urban service delivery (appraisal estimate US\$156.2 million, actual US\$141.5 million): This component was to support 46 selected urban local governments in improving their management capabilities in the five key reform areas including budgeting, reporting and auditing, asset management, revenue management, and social accountability through two sub components:

1 . A performance-based Urban Development Grant (UDG): The UDG was to build on the existing District Development Facility (DDF) with minimum access conditions which were to measure functional capacity in five core areas: (i) development planning, (ii) financial management and accounting, (iii) public procurement, (iv) implementation capacity, and (v) the functioning of the General Assembly. In order to access the grant, the Metropolitan and Municipal Assemblies (MMAs) were to meet the DDF minimum conditions, achieve at least the average score (across all MMDAs) on the DDF annual assessment (FOAT) each year, and have signed a Grant Participation Agreement confirming their agreement to abide by the terms and conditions of the Grant. The DDF minimum conditions are: (i) Establishment of District Planning Coordinating Unit (DPCU); (ii) Annual Action Plan formulated; (iii) Annual Statement of Accounts prepared; (iv) Procurement plan prepared; (v) Minimum number of General Assembly meetings held; (vi) Progress reports on Implementation of Annual Action Plan submitted; and (vii) No adverse audit comments bordering on dishonesty.

2 . Targeted capacity support to urban assemblies. This sub-component was to support a program of targeted capacity support to MMAs to assist them to enhance their performance in relation to the five key PFM reform areas. Support was to be provided through: (i) training and technical assistance support that was to be managed centrally; and (ii) a Capacity Support Fund (CSF) that was to be made available directly to MMAs.

Component 3: Stimulating demand for accountable local governance and service delivery (appraisal estimate US\$3.8 million, actual US\$3.8 million): This component was to support and underpin social accountability objectives as laid out in the government's Decentralization Policy Framework and action plan. Activities supported under this component were to complement and underpin the "supply-led" accountability initiatives introduced under Components 1 and 2, including public disclosure of allocations, budgets and reports. Component 3 activities were to advance and deepen openness, accountability, and transparency beyond existing DDF initiatives by supporting initiatives designed to increase civil society's knowledge of,



and engagement on, local government PFM. Specifically, it was to generate civil society demand for financial information from MMAs (for example on budgets and audits); foster more effective engagement of civil society with assemblies on this information; and strengthen the capacity and engagement of citizens' representatives on the budget and service delivery issues.

Component 4: Institutional and Project Management Support (appraisal estimate US\$5.9 million, actual US\$10.5 million): This component was to finance: i) the strengthening of the Ministry of Local Government and Rural Development (MLGRD) through providing technical assistance and operational support to the Fiscal Decentralization Secretariat (FDS) and the Urban Development Unit (UDU); ii) the management of the UDG, including technical advisors for grant management, monitoring and evaluation, and safeguards, the annual UDG performance assessment process, and annual procurement, financial management and value-for-money reviews at the MMA level; and iii) project management, including procurement and FM specialists, project audits, project monitoring (including semi-annual field surveys of physical progress by MMAs) and evaluations, citizen surveys, project communications activities, training and workshops, and operating costs.

e. Comments on Project Cost, Financing, Borrower Contribution, and Dates

Project Cost: The project was estimated to cost US\$175 million. Actual cost was US\$161.05 million.

Financing: The project was to be financed by a US\$175 million IDA credit of which US\$161.05 million was disbursed.

Borrower Contribution: It was not planned for the Borrower to make any contributions.

Dates: On September 7, 2016 the project was restructured to: i) extend the project's closing date from June 30, 2017 to June 30, 2018 to make up for the 12 months delay in project effectiveness and allow for the completion of project activities; ii) reallocate funds between disbursement categories (to component 4); iii) drop sub-component 3.4 (support to the Ministerial Advisory Board) since its functions were not directly related to project activities.

3. Relevance of Objectives

Rationale

Before project appraisal, Ghana had been experiencing solid economic growth at 5.6 percent between 2001 and 2008. However, the good economic performance was accompanied by rapid urbanization and widening gaps in service delivery. In 2010, Ghana's growth rate was 3.2 percent and its urbanization rate 51 percent. Ghana's cities were unable to cope with the rapid urbanization and increase in demands for infrastructure and service delivery. Also, cities faced an increase in urban slums, poverty, and the population had limited access to water, sanitation, and other services.

The government addressed these issues through decentralization and local government reforms. Performance-based grants (District Development Facility – DDF) for all local governments were implemented successfully and provided an incentive to improve performance. Also, in 2012, the



government implemented the National Urban Development Policy which is still guiding urban development as a main policy as stated by the Bank team (May 23, 2019). The goal of the National Urban Development Policy is to promote a sustainable, spatially integrated and orderly development of urban settlements with adequate housing, infrastructure and services, efficient institutions, and a sound living and working environment for all people to support the rapid socioeconomic development of Ghana. The government also developed the Mid-term National Development Policy Framework “An Agenda for Jobs: Creating Prosperity and Equal Opportunity for All 2018-2021”. The objective of the project supported two of the five thematic areas of the framework “environment, infrastructure and human settlements” and “governance, corruption and public accountability.” However, despite all these efforts, local governments were unable to generate their own optimum revenues as local revenues from property taxation and user fees were not accompanied by adequate policy and administrative changes. Accountability of local governments to the central government as well as to its citizens was weak. Often the transfer of resources from the central government to the local governments was unpredictable and delayed. Also, differing budget cycles of the central government and the Metropolitan, Municipal and District Assemblies (MMDAs) made it difficult to respond to pressing needs.

The PDO is also in line with the Bank’s most recent Country Partnership Strategy (CPS) for FY2013-2018 which aimed, under pillar 1, to improve economic institutions such as the performance of local governments to deliver basic services. However, while there is clear alignment between the project’s development objectives and the country- and World Bank strategies, the relevance of the objectives is pitched at a level that does not adequately reflect a potential solution to a development problem. While acknowledging the difficulty of the operational environment, a shortcoming here was that the objective was not defined such that its achievements would be plausibly traceable to improvements in access to water, sanitation, and other services in urban areas envisioned to arise from decentralization. These may be longer term targets but tracking them and identifying them is an important aspect of a successful development operation

Rating

Substantial

4. Achievement of Objectives (Efficacy)

OBJECTIVE 1

Objective

To strengthen the intergovernmental fiscal framework

Rationale

The project’s theory of change linked the project’s activities of supporting the central government to strengthen the fiscal framework for decentralization and support five public financial management reforms which were to lead to the outputs of the development of a coherent policy/action plan for intergovernmental fiscal management, a functional Fiscal Decentralization Unit (FDU), an integrated intergovernmental



budgeting system, and the review of inter-governmental fiscal transfers system with the outcome of a strengthened intergovernmental fiscal framework.

Outputs (the ICR did not provide any targets for the following outputs):

- A review of the intergovernmental transfer system was conducted and informed the revision of the Intergovernmental Fiscal Framework (IGFF) Policy (2014-2018) which was approved in 2014. Also, an action plan was developed.
- As part of the action plan, studies on education and health decentralization and on local government capacity to borrow were conducted.
- Intergovernmental fiscal transfers were reviewed.
- An intergovernmental budgeting system was developed and budget allocations of the central transfers with the MMDAS budgeting process were synchronized. This allowed for the provision of annual budget circulars with indicative allocations of fiscal transfers from the central government to local governments. Also, it allowed for the synchronization of the timing of publication of annual budget circulars with local governments' budgeting cycle. Furthermore, an electronic system was introduced to replace the manual budgeting system, resulting in a higher reliability of budget information from the MMDAs to the center.
- A health bill and local government financial management bill was drafted.
- A Budget Transfer Monitoring System (BTMS) was developed.
- 13 staff, mainly from the Ministry of Finance and the Ministry of Local Government and Rural Development, received training on Fiscal Decentralization and Public Financial Management.

Outcomes:

- The timeliness of the fiscal transfers from the central government to 46 MMAs by July 1 against annual total receipts by the District Assemblies Common Fund (DACF), the District Development Facility (DDF), and the Urban Development Grant (UDG) improved from 17 percent in 2011 to 40 percent in 2018, not achieving the target of 50 percent.
- The variance between MMA allocations and actual receipts of DACF, DDF and UDG decreased from 65 percent in 2012 to 35 percent in 2018, not achieving the target of 20 percent.
- The publication of indicative allocation of UDG to MMAs was timely, achieving the target.

Rating
Modest

OBJECTIVE 2
Objective



To strengthen local public financial management and accountability for improved infrastructure and services in urban assemblies

Rationale

The project's theory of change linked the project's activities of providing technical and financial support and incentives for local governments to strengthen five public financial management areas which were to lead to the outputs of developing a strategy, guideline and delivering training for five public financial management areas, providing a capacity support fund to naming and addressing streets and valuating properties with the outcome of strengthening local public financial management and accountability for improved infrastructure and services in urban assemblies.

Outputs:

- The project produced outputs in five key public financial management (PFM) areas: (The Bank team stated (May 23, 2019) that these outputs did not have any targets since the activities under the CSF were demand driven by each MMAs and therefore not known prior.)
- Budget: A budget strategy was developed; a composite budget was rolled out with guideline, a program-based budgeting was rolled out to 216 assemblies; a PFM template was developed and utilized during the 2015 budget preparation; a regional integrated budget system and a transfer and budget monitoring system, and a web-based platform was established.
- Reporting and Auditing: A reporting and auditing strategy was developed.
- Revenue Management: A local revenue management strategy and fee fixing guidelines were developed.
- Asset Management: An asset management strategy and guidelines were developed.
- Social Accountability: A citizen's OFM template and a social accountability strategy and guidelines were developed.
- 1,288 officers were trained from 46 MMAs.
- 28,359 streets were named.
- 165,361 residential and business properties were valued.
- Operational guidelines and/or regulations were approved in five key reform areas, achieving the target.
- 19 participating urban assemblies achieved at least a five percent annual increase in collection efficiency of internally generated funds, not achieving the target of 35 urban assemblies.
- 46 participating urban assemblies achieved acceptable annual external audit opinions, surpassing the target of 30 urban assemblies.
- In Education 2,215 classrooms were constructed and 34,690 pieces of school furniture and equipment were provided. In economic infrastructure, 69 market stores/stalls and 25 transport terminals/lorry parks were



constructed, 120.3 kilometers of road were rehabilitated, and 119 drains/culvert/pedestrian foot bridge were constructed. In the health sector, 28 CHPS compounds and 14 health clinics were constructed. In security and safety, six circuit court/magistrate court, 18 police stations, and seven fire stations were constructed. In sanitation, 202 boreholes and 93 toilet facilities were constructed. In social infrastructure, 14 community centers, and one recreational center were built.

Outcomes:

- The average Urban Development Grant performance score of participating Metropolitan and Municipal Assemblies increased from 64 in 2012 to 93.89 in 2018 (based on a 100-point scale), surpassing the target of 80. The achievements meant that the capacity of project MMAs increased with respect to complying with public financial management requirements such as: i) improved budget credibility; ii) improved timeliness of reporting and quality of auditing; iii) improved capacity in infrastructure project and asset management; iv) improved property rates, building permits and business operating permits, v) increased internally generated funds and; vi) improved accountability.
- 99.4 percent of the Capacity Support Fund (CSF) was utilized, surpassing the target of 90 percent. The CSF contributed to an increase in internally generated funds (IGF) through the development of IGF improvement plans and the establishment of a reliable property database using street naming and property revaluation.

Rating

Substantial

OBJECTIVE 3

Objective

To improve citizens' engagement with urban assemblies and their perceptions of urban management

Rationale

The project's theory of change linked the project's activities of supporting citizen engagement and awareness building on urban management which were to lead to the outputs of establishing a social accountability unit at the central level, a civil society platform on local government public financial management, holding Social Public Expenditure Financial Accountability (SPEFA) and townhall meetings with the outcome of increased citizens' engagement with urban assemblies and their perception of urban management.

Outputs:

- A Social Accountability Unit was created in the Ministry of Local Government and Rural Development which was responsible for serving as a critical link between the Ministry and Assemblies on Social Accountability matters, providing general oversight and reporting on assemblies' Social Accountability activities, serving as the entry point for building the Ministry's capacity for Social Accountability, and providing capacity support to assemblies on the matter. The Social Accountability Unit trained 20 Civil Society Organizations (CSO) in social accountability tools and public financial management template.



- 378 Social Public Expenditure Financial Accountability (SPEFA) group meetings were held, surpassing the target of 85 meetings.
- A media network with 340 CSO members across 10 regions was established and regional plans were developed. Two major participatory media campaigns were conducted in 2015 and 2016. Also, 322 radio programs were implemented and 272 awareness and educational outreaches at the local level were conducted. These outputs did not have any targets.

Outcomes:

- In 2013, 2015, and 2017 the project conducted citizen perception surveys (CPS) to measure improvement in citizens' engagement with urban assemblies and their perceptions of urban management. Seven indicators were selected for the calculation of the survey score which were averaged with different weights and tracked over time. These indicators included: i) citizen's awareness of their right to participate in MMA budget meetings; ii) citizen's engagement with the MMA planning process; iii) citizen's satisfaction with public education services; iv) citizen's satisfaction with public health services; v) citizen's satisfaction with waste management services; vi) citizen's satisfaction with urban roads; and vii) citizen's satisfaction with overall MMA responsiveness. Four indicators improved over time including citizen's satisfaction with public education, waste management, urban roads, and citizen's engagement with MMA planning process. Citizen's participation in municipal planning meetings increased from five percent in 2013 to 10 percent in 2017. Out of the 10 percent of citizens attending planning meetings of MMAs, approximately 85 percent actively participated and asked questions. Three indicators which measured citizen's awareness of their right to participate in MMA budget meeting, satisfaction on health, and overall MMA responsiveness decreased. The weighted average showed a six percent increase in the CPS score at project closing, not achieving the target of a 10 percent increase against the baseline.

Rating

Substantial

Rationale

The achievement of the first objective is rated Modest, while the achievement of the second and third objectives is rated Substantial, thus resulting in an overall Substantial rating with moderate shortcomings.

Overall Efficacy Rating

Substantial

5. Efficiency



The PAD did not include a cost-benefit analysis since the specific investments were unknown before or during project appraisal.

The ICR (p. 21) conducted an economic analysis based on the following assumptions: i) a discount rate of 5 percent; ii) an economic life of 30 years for (school, market, polyclinic sub-projects) and 20 years for storm water drainage sub-projects.

Projects in four sectors (including the education sector, the economic sector, the health sector and the water and sanitation sector), in which 74 percent of all project investments in the Greater Accra Region and the Shanti Region were, were assessed.

Education Sector: According to the ICR (p. 20) most investments out of the GHS 135.3 million (36 percent of total UDG investment) were made in the construction of classroom blocks, school furniture, library, educational equipment, teachers' quarters and teachers' resource centers. Comparing the construction cost per square meter of classrooms in one of the sampled schools in the Greater Accra area (GHS 614) was lower than in the private sector (GHS 665), indicating that the investment was cost-effective. However, the ICR did not state whether the quality of construction of this comparison was the same.

Economic Sector: GHS 82.5 million (22 percent of the total UDG) was invested in 128 Economic infrastructure such as markets, lorry parks and commercial centers.

Health Sector: GHS 36.6 million (9.20 percent of the total UDG) was invested in clinics, CHPS health centers, medical equipment and nurse quarters. According to the ICR (p. 21) a financial analysis was conducted on two health facilities' revenues generated from consultation fees, laboratory services and medicines. The clinics charged 72 percent to 87 percent less than private clinics. However, it is assumed that fees are going to be increased gradually (40 percent in the first five years, the 20 percent in the following 10 years, another 10 percent in the following 10 years, and one percent in the last year). At the current cost recovery, the IRR is 11.8 percent and the NPV GHS 1.08 million over 30 years. The ICR stated that these estimations did not take any Operations & Maintenance costs into account.

Water and Sanitation Sector: GHS 27.6 million (7.30 percent of the total UDG) was invested in drainage, toilet facilities, waste bins, landfill sites, and refuse containers. The ICR (p. 21) conducted an economic analysis for the construction of a storm water drainage to ensure continuous market operations and protection of one kilometer of road assets during flooding. Avoided rehabilitation cost of the road asset affected by the flooding would be GHS 1 million based on a rehabilitation schedule of 10 years. This estimation resulted in an IRR of 90 percent and an NPV of GHS 4.6 million. Reducing the frequency of the heavy rain by half, the IRR was 48 percent and an NPV of GHS 2.4 million.

Operational Efficiency:

According to the ICR (p. 24) lack of human resources, organizational capacity, and unfamiliarity with Bank processes such as in procurement resulted in delays at the beginning of project implementation. The project's closing date was extended by twelve months to make up for the initial implementation delays and allow for the completion of project activities.

Efficiency Rating



Modest

a. If available, enter the Economic Rate of Return (ERR) and/or Financial Rate of Return (FRR) at appraisal and the re-estimated value at evaluation:

	Rate Available?	Point value (%)	*Coverage/Scope (%)
Appraisal		0	0 <input type="checkbox"/> Not Applicable
ICR Estimate		0	0 <input type="checkbox"/> Not Applicable

* Refers to percent of total project cost for which ERR/FRR was calculated.

6. Outcome

The relevance of objectives is Substantial as it was well aligned with national and Bank priorities and the objectives were not pitched at a level that adequately reflected a potential solution to a development problem. The overall efficacy is rated Substantial with two of the three objectives substantially reaching their key targets. Efficiency is rated Modest. This gives an overall outcome rating of Moderately Satisfactory.

a. Outcome Rating

Moderately Satisfactory

7. Risk to Development Outcome

According to the ICR (p. 31) the decentralization process in Ghana is ongoing and throughout project implementation there was a demand for increasing the number of MMDAs. However, the ICR stated that an increase in the number of MMDAs can negatively influence the capacity and performance of the existing MMDAs and RCCs in several ways: First, human capital capacity of existing MMDAs might go to new MMDAs. Second, if no additional financing can be identified, resources for existing MMDAs have to be shared with new MMDAs to cover overhead, operation and management costs. And third, new MMDAs might attract more competent staff from the RCCS which are already facing the challenge to fill staff positions.

Furthermore, according to the ICR (p. 32) Ghana has been facing issues with maintaining infrastructure adequately. Therefore, ensuring proper operation and maintenance will be critical for ensuring the sustainability of infrastructure constructed under this project. The project will be followed by the Ghana Secondary Cities Support Program which will build on outcomes achieved under this project.



8. Assessment of Bank Performance

a. Quality-at-Entry

The ICR (p. 23) stated that the project design was based on in-depth consultations with central governments, local governments and development partners. The Bank team conducted site visits at Municipal Assemblies to confirm if the existing inter-governmental transfer and performance-based grants (DDF) functioned and provided incentives to the cities. Furthermore, according to the ICR (p. 23) the project's design incorporated lessons learned from previous Bank projects in different regions such as capacity building initiatives and training being more effective when they are linked with a system that creates demand on behalf of targeted local governments.

The Bank team identified relevant risks such as differing views within government with regard to priorities in urban development, direct stakeholders unwilling to engage due to mutual suspicion and previous experiences where engagement did not result in visible changes, and disjointed DP support mechanism and approaches to decentralization reforms. Also, fiduciary risks were identified and the Bank mitigated these risks through providing technical assistance, targeted capacity support, and independent procurement and financial management reviews. Mitigation measures were adequate, and the identified risks did not materialize. The risk of MMAs not having effective supervision for the construction of facilities was not identified, resulting in some facilities lacking water, sewerage, electricity and furniture.

Quality-at-Entry Rating Moderately Satisfactory

b. Quality of supervision

According to the ICR (p. 30) the Bank team conducted 14 supervision missions throughout project implementation. The Bank team included technical safeguards, procurement, and financial management specialists. The Bank team's reporting was candid and key implementation bottlenecks such as low disbursement of UDGs, weak contract management, value for money investment, enhancement of the Regional Coordinating Councils' (RCCs) role and treatment of exchange gains were identified. The Bank team addressed the issue of low disbursement of UGs by introducing a new strategy to make Urban Development Grants both performance-based and demand-driven competitive grants, assisting the Metropolitan and Municipal Assemblies with contract management and absorptive capacity improvement, and consolidating small projects to make them more functional with all necessary auxiliary investment.

According to the ICR (p. 24) the Bank team addressed procurement and financial management issues by providing training to all MMAs to ensure compliance with the procurement procedures. The Bank team stated (June 20, 2019) that a number of adjustments were made during implementation such as dropping sub-components which were not relevant, making the Municipal Grant more competitive, and establishing a robust M&E data base to ensure timely decision and feedback loop in project implementation.

The ICR (p. 25) stated that the project's mid-term review in June 2015 provided a comprehensive assessment of implementation progress. Some facilities were not connected to water, sewerage or lacked



electricity and furniture. The Bank addressed these shortcomings by supporting MMAs in hiring design and construction supervision firms to support implementation and ensure a higher quality of UDG sub-projects.

Also, the project was restructured and the closing date was extended by twelve months to compensate for the delay in project effectiveness.

Quality of Supervision Rating

Satisfactory

Overall Bank Performance Rating

Moderately Satisfactory

9. M&E Design, Implementation, & Utilization

a. M&E Design

The project's objectives were clearly specified and how key activities would lead to intended outcomes was soundly reflected in the Results Framework. Each of the three outcomes of the PDO statement was measured by a PDO indicator. Indicators had baseline and target values and were sufficiently specific and measurable. For infrastructure investments and Citizen Perception Survey (CPS) scores target values were set as "to be measured as they occur" since the investments by the municipal governments were unknown when the project was designed. The M&E design planned to establish a baseline for CPS scores once the project became effective and the first CPS was conducted.

b. M&E Implementation

The M&E unit of the Ministry of Local Government and Rural Development was responsible for the overall implementation and coordination of the M&E. The ICR (p. 27) stated that the M&E unit's capacity and system was strengthened throughout project implementation. The project lacked a single consolidated data base which included all project data. For overall monitoring, each component's data had to be collected separately and extracted manually, which resulted in limited availability of monitoring information. Therefore, when the UDGs disbursements were slow and an undocumented balance was outstanding in 2014 and 2015, no proactive mitigation measures could be taken. The ICR (p. 27) stated that in November 2016 the Bank supported the development of a consolidated excel database and semi-annual progress reports were submitted on a timely basis and were of adequate quality. Furthermore, the M&E team visited the MMAs on a regular basis to provide supervision and validate the collected data through the quarterly reports from the MMAs. In 2014, the Regional Coordinating Councils (RCCs) started to become involved in the project's M&E. RCCs collected the reports from the MMAs and shared them with the MLGRD. According to the ICR (p. 27) this had a positive impact on strengthening the government's internal monitoring and reporting system. At the end of implementation, an independent consulting firm was contracted to conduct a beneficiary assessment. M&E data were found to be reliable and of good quality. According to the Bank team (May 23, 2019) M&E functions and processes are likely to be sustained after project closing for two reasons. First, the project did not use a separate M&E process but enhanced and used the government's internal monitoring system and financial reporting



system. In addition, since 2014 regional governments have (RCCs) collected M&E reports from the MMAs and have shared them with the central government, which also contributed to enhance the government's internal monitoring and reporting system. Second, the follow-on program (Ghana Secondary Cities Support Program) has started and will ensure sustaining the enhanced government's internal M&E system and processes.

c. M&E Utilization

According to the ICR (p.27) M&E data was used to identify implementation bottlenecks and how to solve them. Also, data was used for tracking the progress of each MMA and monitoring UDG disbursement.

M&E Quality Rating

Substantial

10. Other Issues

a. Safeguards

The project was classified as category B and triggered the Bank's safeguard policy OP 4.01 (Environmental Assessment) and OP 4.12 (Involuntary Resettlement). The project prepared an Environmental and Social Management Framework (ESMF), a Resettlement Policy Framework (RPF) and Resettlement Action Plans (RAPs) to identify risks and mitigation measures, responsibilities and monitoring roles. The ICR (p. 28) stated that most of the MMAs screened the UDG projects in compliance with the ESMF and the environmental assessment procedures of the Environmental Protection Agency (EPA). However, there were some shortcomings and MMAs did not prepare and implement the instrument before the start of the civil works and/or did not prove that they monitored and finished all the planned mitigation activities. Also, contractors did not comply with occupation, health, and safety measures during construction. To address this issue, a safeguard specialist in the Ministry of Local Governance and Rural Development (MLGRD) monitored MMA's quarterly reports which included information on action/grievances on health and safety issues and completion reports of safeguard instruments. According to the ICR (p. 28) a beneficiary assessment at project closing found that some project affected people (PAP) reported that some of the MMAs did not comply with the agreements on rental fees for market stalls/stores and allocation of stalls/stores when they had to be temporarily reallocated due to market development activities. The ICR stated that by project closure all affected PAPs were reinstated.

According to the ICR (p. 28) throughout project implementation a more systemized and comprehensive reporting and monitoring of grievances system was recommended. Officers were responsible for recording and monitoring grievances and committees were established to resolve the cases. By the end of project closure all grievances were resolved. The Bank team stated (May 23, 2019) that the project duly complied with the two triggered safeguard policies.



b. Fiduciary Compliance

Financial Management:

According to the ICR (p. 29), a dedicated project financial management consultant was responsible for the overall financial management at the national level. At the sub-national level, municipal and district finance officers were responsible for the accounting activities. The director of accounts at the MLGRD oversaw all financial management functions at all implementation levels. The project used the government's policies and procedures for authorization, approval, payment processes and internal audit unit to strengthen the internal control environment. The ICR (p. 29) stated that the project submitted acceptable financial reports including audits and complied with the Bank's financial covenants. Interim financial reports were occasionally submitted with minor delays due to difficulties in collecting returns from the participating assemblies.

According to the ICR (p. 29) the external auditors noted some minor issues of systematic nature due to limited technical capacity of staff at the sub-national level. The Bank team stated (May 23, 2019) that the project set a target for annual external audit opinions of "more than 30 MMAs should achieve "acceptable" annual external audit opinions by project closure". "Acceptable" was defined as the audit opinions not being "adverse" or "disclaimed". 46 MMAs achieved acceptable annual external audit opinions by project closure. The ICR (p. 30) stated that in 2014 the UDG 1 and 2 utilization were delayed and UDG 3 was not disbursed due to a low absorption rate by the MMAs, the project had an undocumented balance and suffered from weak contract management. These issues were addressed during the Mid-Term Review in June 2015 and a new strategy was introduced to improve UDG implementation.

However, according to the Bank team (May 23, 2019) a supervision mission in November 2017 noted that the Accra Metropolitan Assembly (AMA) had 10 uncompleted sub-projects. The AMA's account indicated that only GHS 167,000 was left, an insufficient amount of financing to complete the 10 sub-projects. The Bank team asked the MLGRD to carry out an audit to establish how AMA had utilized the UDG funds. The audit found that AMA had misapplied project money to finance some of its projects. During the May 2018 mission, the internal audit review finding was escalated to the attention of the MLGRD and the Ministry of Finance. The Bank withheld AMA's UDG 4 & 5 allocation and AMA was asked to refund the diverted money and complete the affected sub-projects which was done.

Procurement:

The ICR (p. 29) stated that the component-led agencies such as the Ministry of Local Government and Rural Development, the Office of Head of Local Government Services and the Fiscal Decentralization Unit faced difficulties in complying with the Bank's procurement procedures during the initial phase of project implementation.

According to the ICR (p. 24) MMAs experienced weak capacity in procurement, contract management and technical appraisal. Also, MMAs' supervision and monitoring capacity were weak and MMAs and contractors did not submit certificates and payments in a timely manner and did not keep and file records properly. This resulted in delays of the utilization of urban development grants (UDGs) and project implementation until the mid-term review. The project addressed these issues by providing training to all MMAs to ensure compliance with the procurement procedures. Also, regular site visits were conducted to support the monitoring and supervision activities of the MMAs and the books and records keeping. According to the ICR (p. 30) the procurement performance of the MMAs had improved by project closing.



c. Unintended impacts (Positive or Negative)

NA

d. Other

11. Ratings

Ratings	ICR	IEG	Reason for Disagreements/Comment
Outcome	Moderately Satisfactory	Moderately Satisfactory	
Bank Performance	Satisfactory	Moderately Satisfactory	Shortcomings in Quality at Entry.
Quality of M&E	Substantial	Substantial	
Quality of ICR	---	Substantial	

12. Lessons

The ICR (p. 32-33) provided lessons learned which were adapted by IEG:

- **In order to ensure long-term capacity building in local governments, it is critical to include regional government entities that can continue their support after the project closed.** In this project local governments initially received technical and mentoring support from Regional Technical Advisory Teams (RTATs) which consisted of consultants with required technical expertise. However, since such intense support would not be sustainable in the long-run, capacity was built within the Regional Coordinating Councils (RCCs) to take over from the RTATs and support local governments.
- **Activities such as using media network and radio and holding stakeholder meetings can be effective for raising awareness of communities and government entities.** This project conducted several effective initiatives to raise awareness such as establishing a social accountability unit, holding regular social public expenditure financial accountability meetings, institutionalizing townhall meetings, establishing a media network across several regions, and conducting media campaigns and awareness and educational outreaches.

13. Assessment Recommended?

No



14. Comments on Quality of ICR

The ICR provided a good overview of project preparation and implementation and was internally consistent. However, the ICR was twice the length of what is stated in the ICR guidelines and was not sufficiently results oriented. Furthermore, the ICR provided in its efficiency section an Impact Evaluation which was conducted in 1999 for another project as evidence. However, even with these shortcomings, on balance the ICR is rated Substantial.

a. Quality of ICR Rating

Substantial