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REPUBLIC OF GHANA

ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT (ESSA)

FOR THE

GHANA SECONDARY CITIES SUPPORT PROGRAM

PROGRAM- FOR- RESULTS FINANCING

Prepared by the

WORLD BANK

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List of Abbreviations and Acronyms

ARAP	Abbreviated Resettlement Action Plan
DLI	Disbursement-Linked Indicators
EA	Environmental Assessment
EIA	Environmental Impact Assessment
EPA	Environmental Protection Agency
ESIA	Environmental and Social Impact Assessment
ESMP	Environmental and Social Management Plan
ESSA	Environmental and Social Systems Assessment
FOAT	Functional Organizational Assessment Tool
GBV	Gender-Based Violence
GEDAP	Ghana Energy Development and Access Project
GOG	Government of Ghana
GMMB	Ghana Museum and Monuments Board
GRM	Grievance Redress Mechanisms
GSCSP	Ghana Secondary Cities Support Program
LGCSP	Local Government Capacity Support Project
LI	Legislative Instrument
LVD	Land Valuation Department
MLGRD	Ministry of Local Government and Rural Development
MMA	Metropolitan Municipal Authority
MMDA	Metropolitan Municipal and District Authority
MOU	Memorandum of Understanding
NCC	National Commission on Culture
OHLGS	Office of the Head of Local Government Services
PCR	Physical Cultural Resources
PER	Preliminary Environmental Report
PIU	Project Implementation Unit
PPBMED	Policy Planning Budget Monitoring and Evaluation Division
PVLMD	Public and Vested Land Management Division

PWD	Public Works Department
RAP	Resettlement Action Plan
ROW	Right-of-Way
RPF	Resettlement Policy Framework
SAU	Social Accountability Unit
TRC	Technical Review Committee
WB	World Bank

Executive Summary

An Environmental and Social Systems Assessment (ESSA) for Ghana was conducted in compliance with 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 EA Sectoral Guidelines and environmental, social and resettlement frameworks of existing World Bank-financed projects in Ghana.

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 the MLGRD, PPBMED, National EPA and Regional EPA, the Land Valuation Division and Environmental and Social Practitioners.

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 of LGCSP.

The findings and recommendations of the ESSA were discussed with MLGRD and select MMAs on January 27-30, 2018 and with various stakeholders on March 27 and April 11, 2018 in Accra. Feedback and inputs from the stakeholders were solicited during the consultations and are considered in the finalization of the ESSA, including the recommendations and the actions in the Program Action Plan.

E & S Impacts and Risks of the Program

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) public health improvement because of construction of health centers, removal of accumulated solid wastes from city streets and commercial centers through better solid waste collection; (v) reduced traffic congestion and reduced pedestrian accident hazard through improved bus terminals; (vi) enhanced green cover through establishment of public parks and landscaping of public areas associated with the planned urban infrastructure; (vii) increased awareness on the importance of environmental management at the MMA level that has an effect outside of the Program investments; (viii) improved community accessibility to schools, health centers, public markets and commercial centers through better roads; (ix) improved security and safety through improved walkways and street lights; (x) better conditions for vendors, stall and business owners and customers along commercial centers and public markets; (xi) better conditions and safe environment for drivers and commuters through improved bus terminals; (xii) employment opportunities for the community through construction and maintenance of the municipal infrastructure; and, (xiii) strengthened local capacity to deliver.

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.

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

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.

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.

All proposed subprojects are subject to environmental and social screening to decide if a proposed subproject requires a full EIA, preliminary environmental report with ESMP, or no environmental assessment is needed. The MMAs use 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 WB), Schedule 1 of LI 1652 (Category B under WB). Those not falling within Schedule 1 or Schedule 2 are outside the purview of LI 1652 and hence, are no covered and not required any assessment beyond screening (Category C under WB). Schedule 1 subprojects are required to prepare a preliminary environmental report with environmental and social measures, while Schedule 2 subprojects are required to prepare and submit ESIA, which will be subject to consultations and public hearing. Consultations for Schedule 2 subprojects start from scoping and TOR drafting to when the draft ESIA report is made available to the public.

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.

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 environment permit. Schedule 2 lists undertakings for which EIS is mandatory. EIS is also required for any proposed undertaking or development to be located in any of the areas broadly defined as environmentally sensitive in Schedule 5 of LI 1652.

Land Acquisition and Resettlement

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.

The detailed procedure for acquisition is outlined in the State Lands Regulations 1962-(Legal Instrument 230). Once a Government institution needs land it applies to the Minister responsible for lands who then authorizes the Regional Commissioner 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 Commissioner who, in turn, forwards 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).

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 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.

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 MMAs. EPA focusses more on environmental requirements and do not provide adequate checks on the social aspect of the regulatory requirements.

Vulnerable Groups

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 732) 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 children, 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

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, NRM, engineering, chemistry and social sciences. The Regional Offices receive and review EA applications, EMP/ESMP and issue environmental permits for subprojects within its threshold 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 directors of the Regional Offices report to the Deputy Executive Director of Field 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. The Program will be implemented by MLGRD. The Policy, Planning, Budget, Monitoring and Evaluation (PPBME) Division of the MLGRD is the entity designated to manage the Program. The Director of the Division who heads the Program Implementation Unit will also supervise the implementation of the investments/subprojects by the MMAs. MLGRD, in close collaboration with the EPA, will be responsible for (i) supporting the MMAs in screening subprojects and preparation of appropriate instruments based on EPA's requirements under the EA Regulations or LI 1652; (ii) supporting MMAs in ensuring contractors comply with environmental and social measures during construction phase; (iii) delivering training and capacity building program for MMDAs to build and enhance their capacities to manage environmental and social impacts; and, (iv) monitor the implementation of MMAs in implementing the environmental and social measures in subprojects, including ARAPs. The PPBMED of MLGRDP has hired 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 PBME Department of MLGRD will need to be beefed up to enhance and improve support to MMAs. Specifically, the Program needs to hire a Social Development Specialist to work in tandem with the existing E & S Specialist whose background and experience is more on environment. There is also a need for the E & S Specialists to do more monitoring of safeguards compliance during Program implementation and conduct trainings to MMAs specifically the Safeguards Team of the MMA. This will help to improve screening, implementation of mitigation measures and reporting. The E & S Specialists should have dedicated budget for travel and supervision of MMAs. At the MMA or subproject level, the Planning Officers have been designated as the Safeguards Focal Point/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 MMA Works Engineer and Environmental Officers, where available. Although the MMAs 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. Consultants and Contractors will be hired by the MMAs to prepare ESMPs and ARAPs and implement the works, respectively. Contractor's contract contains generic provisions on health and safety of workers and communities, proper housekeeping and implementation of relevant environmental codes of practices such as site restoration, sourcing of construction materials, securing relevant permits prior to construction.

Environment & Social Risk Ratings of the Program: Based on the findings of the ESSA, as shown in the section on the analysis of the consistency of the Program's Environmental and Social Management System with the Program for Results Financing Core Principles, below are the E & S risk ratings of the Program: Environmental Risk Rating is Moderate mainly due to a good regulatory and institutional frameworks and systems on EA in the country that are able to manage environmental risks from the types of investments and scale and magnitude of impacts from subprojects 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. 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 MMAs. EPA focusses more on environmental requirements and do not provide adequate checks on the social aspect of the regulatory requirements.

E & S Action Plan: To manage potential impacts and risks, and to strengthen the country system for environmental, social, health and safety management, particularly at MMA level, the ESSA recommends the following measures/actions. The Program will integrate these recommendations into the overall Program "Minimum Access Condition," and set of "Disbursement Linked Indicators (DLIs)". ***Establishing and strengthening the Environmental and Social Management System at the MMA level and at the MLGRD PPBMED level:*** Under the Program, all participating MMAs must demonstrate that they have established a functional system for Environmental and Social Management as a minimum requirement to access grant. During the first year of the Program, all participating MMAs will be required to formally establish an Environmental and Social Team with clear terms of reference, which will comprise of (i) an Environmental and Social Management Focal; and, (ii) 2-3 members preferably from the Engineering, Health and Social Welfare Units of MMAs. 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 PPBMED in collaboration with the EPA and its EA Training Institute, Land Valuation Division and the World Bank. ***Improving screening and updating EA Sectoral Guidelines:*** The environmental and social screening used under the LGCSP 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. ***Updating and adopting a Resettlement Policy Framework*** used in the LGCSP to reflect the experiences and lessons learned, including identification of different types of PAPs, entitlement matrix that recognizes and provides entitlements to different kinds of PAPs, consultations and disclosure, monitoring & reporting and grievance redress. ***Annual performance review and audit on environment and social management:*** As part of assessing MMAs 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 of an E & S Team with clear Terms of Reference and financing, while in the second year onward the review will focus on environmental and social compliance, trainings and capacity building programs. ***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 MMAs. ***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 MMAs and environmental and resettlement consultants and practitioners helping the MMA develop their ESMPs and ARAPs. An MOU between the MLGRD and EPA will be entered for the development and delivery of these trainings to MMAs, consultants, EPA and MLRGD staff.

Section I: Program Description

Government program

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. However, 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[1].

The NDPF/NDAP is being complemented by the National Urban Policy Framework (NUPF). The policy objective of the NUPF is promoting (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 objective above.

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 Fund (DDF). This fund was jointly financed by the Government of Ghana and its development partners. 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)[2]. MCs and PMs have been assessed using the Functional and Organizational Assessment Tool (FOAT). Although the DDF properly speaking has now been wound up, its principles are currently being 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. 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 RFG system, the upgraded District Performance Assessment Tool (DPAT) 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 about US$ 2 but 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.

Program Development Objectives (PDO) and key results

Program Development Objective (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 municipal assemblies, 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.

[1] 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).

[2] 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.

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).

There will be eight DLIs linked to the PDO:

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

Disbursement Linked Indicators (DLIs): (DLIs) 1 – 4 are focusing on performances of MAs; DLI 5 on performances of the RCCs and DLIs 6 and 7 on the performances of the MLGRD, while DLI 8 on the performances of OHLGS. All the DLIs 1 – 8 contribute to achievements of PDO Indicators (i) - (ii).
The following intermediate indicators will measure behavioral change at the local (MAs), Regional (RCCs) and national (MLGRD/MDAs) levels as they contribute to the achievement of the PDO.

At local (MAs), the intermediate indicators are:

- Number of MAs with Municipal Structure Plans (15years)
- 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) systems[3]
- Number of MAs that satisfy at least 80 percent of the defined governance capacity criteria[4]
- 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 rehabilitate

[3] 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.
[4] Governance capacity criteria covers MAs capacities (i) for Grievance Redress, (ii) of Client Service Units, and (iii) for information disclosure.

- Number of municipal economic infrastructure built or rehabilitated
- Km of drains built or rehabilitated
- Hectares of public parks and greenery built or rehabilitated

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

- Percentage of RCCs Annual Capacity Support Plans for MAs implemented

At the national (MLGRD/MDDAs), 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

PforR Program Scope

The Ghana Secondary Cities Support Program (SCSP) 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, specifically focusing on MAs that manage urban development in secondary cities. SCSP 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 governance.

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 participating MAs.

The Government 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 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. Most importantly, compliance with RFG/DFAT MCs will indicate that MA financial management is satisfactory[5]. The need to obtain at least the

[5] 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.

national average RFG/DPAT scores will indicate that qualifying MAs are among the better managed local governments in Ghana[6].

The determination of the universe of 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:

- Must not be within Greater Accra Region or a Metro – Metros are primary cities and not the focus of this operation
- At least a MA from each of the remaining 9 regions
- MAs with total population of 100,000 - 250,000 people – Secondary cities and focus of this operation
- MAs with at least 60% urban population – since the Program is urban focus and MAs which have surpassed the national urbanization threshold of 52%.

Using the above criteria to define the Program boundary, the following 19 MAs[7] 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).

Eligible MAs will be able to access UDGs and CSGs 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) (consultancy firms), procured and supervised by MLGRD[8].

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, then, 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 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 SCSP template and reviewed UDAP implementation on an annual basis

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

[7] Suame; Old Tafo; Asokwa; Obuasi; Ejisu (Asante Region); Berekum; Sunyani; Techiman (Brong Ahafo Region); Awutu Senya East; Agona West; Mfantseman (Central Region); Lower Manyo Krobo; New Juaben South; Abuakwa South, (Eastern Region); West Mamprusi; Sagnerigu; (Northern Region); Bawku (Upper East Region); Wa (Upper West Region) Ho (Volta Region) and Effia-Kwesimintsim (Western Region).

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

CSG MC2: From Year 2 onwards: MA use of previous year's CSG has been as per approved UDAP and consistent with guidelines in SCSP Operations Manual	Annual MA expenditure statement shows that MA has followed approved annual UDAP work plan and CSG expenditure guidelines

Urban development action plans - In order to access their CSGs, eligible MAs will need to draw up an Urban Development Action Plan (UDAP). The text box below provides a brief outline of the UDAP framework. The Program Operations Manual will provide MAs with a comprehensive UDAP explanatory note and simple template

UDAP outline

Municipal Assemblies will be expected to draft a short UDAP, which will include the following elements:

A. Diagnostic

- Description of the urban area(s) in the MA's jurisdiction, providing basic information on population, urban morphology, and socio-economic characteristics
- 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

- Three-year prioritized MA action plan aimed at addressing key urban development challenges
- Annual work plan and budget

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% 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. A full and exhaustive CSG expenditure menu will be included in the Program Operations Manual.

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	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)

Allocations - The size of each MA's UDG allocation will be set at a maximum annual rate of US$15 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 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. The details of the annual UDG indicative planning figure (IPF) for each MA will be included in the Program Operations Manual.

It is important to note that these UDG IPFs are the maximum that a given MA will access. 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% in terms of their Performance Benchmarks, then the total annual UDG disbursement by the Program would be approximately US$ 37.68 million.

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

No	Region	Municipal Assembly (MA)	Population projection (2018)	Urban Population	Percentage Urban (%)	Annual UDG IPFs (Maximum)
1	Ashanti	Suame	191,649	191,649	100%	2,874,735
2	Ashanti	Old Tafo	173,607	173,607	100%	2,604,105
3	Ashanti	Asokwa	166,637	166,637	100%	2,499,555
4	Western	Effia-Kwesimintsim	232,617	225,638	97%	3,384,577
5	Central	Awutu Senya East	127,689	120,028	94%	1,800,415
6	Eastern	New Juaben South	222,459	206,887	93%	3,103,303
7	Ashanti	Obuasi	198,904	169,068	85%	2,536,026
8	Eastern	Lower Manya	108,049	90,761	84%	1,361,417
9	Brong Ahafo	Sunyani	147,982	122,825	83%	1,842,376
10	Central	Agona West	134,245	103,369	77%	1,550,530
11	Eastern	Birim Central	174,807	118,869	68%	1,783,031
12	Brong Ahafo	Berekum	156,349	103,190	66%	1,547,855
13	Upper West	Wa	126,609	83,562	66%	1,253,429
14	Central	Mfantsiman	158,033	102,721	65%	1,540,822
15	Brong Ahafo	Techiman	178,691	114,362	64%	1,715,434
16	Upper East	Bawku	116,912	74,824	64%	1,122,355
17	Northern	Sagnerigu	175,321	110,452	63%	1,656,783
18	Volta	Ho	213,960	132,655	62%	1,989,828
19	Eastern	East Akim (Abuakwa South)	203,403	122,042	60%	1,830,627
Total	**9**	**19**	**3,207,923**	**2,533,146**		**37,997,203**

Minimum Conditions (MCs) - 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 three MCs in order to qualify for their annual UDGs. MAs that meet the MCs will get 20 percent of their UDG IPF.

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	• 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: From Year 2 onwards: MA use of previous year's UDG has been consistent with guidelines in SCSP Operations Manual	• 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.

The wider DPAT process – under the Government program - 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, etc.) will not be assessed (in any more detail) through SCSP. However, results from the DPAT annual assessments will be factored into SCSP through the Program's Minimum Conditions (see above), such that only those MAs which satisfy DPAT MCs and obtain a DPAT performance score greater than the national average will qualify for UDG allocations.

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 80 percent of the UDG IPF will be accessed based on the urban performance benchmarks 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%.

It is important to note that PBs are not generic local government performance measures, against which MAs are assessed and then scored. Measuring and scoring generic local government performance (and incentivizing local governments to improve their overall institutional performance by linking grant allocations to scores) is the principal purpose of the DPAT process, which applies to all MMDAs. For eligible MAs to qualify for access to UDGs requires them to achieve at least the national average performance score as measured by DPAT assessments.

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.

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.

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 basis[9]: an MA, for example, that scores 50 percent (out of a total 100 percent) in terms of Performance Benchmarks will access 50% of 80% its maximum UDG allocation on top of the 20% it would have earned by meeting the MCs. The details of the urban performance benchmarks and the scores are provided in the Technical Annex 4.

UDG Investment menu - an MA will be able to use its UDG to finance investments in five key areas of urban infrastructure and service delivery. 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.

Non-eligible expenditures - 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.

Regional Window – GSCSP's 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$ 40,000 per annum per RCC and made available for five years. In total, then each RCC would be able to benefit from a total of US$ 200,000 for 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 5: RCC annual grants – Minimum Conditions

Minimum Condition	Indicator
MC1: - Annual work plan with M&E and CB activities for MAs	RCC to prepare annual workplan which includes monitoring and capacity building activities for MAs in its jurisdiction
MC2: - From Year 2 onwards: Regular report to MLGRD and OHLGS	From Year 2 onwards: - RCC to submit quarterly M&E report and annual progress report to OHLGS and MLGRD on a timely basis

[9] 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) + 60% 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.

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.

National Window – 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.

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 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).

MLGRD will be responsible for ensuring that DPAT and UDG annual assessments are carried out. 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.

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, and local economic development.

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 them to qualify to receive funding under the Program.

Table 6: Key staffing positions in RCCs and MAs

#	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[10]
10		Client Service Officer

[10] 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.

11		Social Welfare and Community Development Officer

Expenditure frame work - 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 eligible 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 Government's larger program budget of 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, 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.
- DACF allocations to MMDAs: the DACF's annual budget ceiling is set by Parliament[11]. 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)[12].

(b) the overall MLGRD and LGS budgetary frameworks, which finance capacity development, monitoring and policy functions. Included in the OHLGS budgetary framework are the budgets for RCCs.

The table below provides a summary of the Government's overall program budget, along with the GSCSP expenditure framework.

GSCSP will provide additional resources for this overall Government program, specifically aimed at increasing RFG allocations to selected Municipal Assemblies. In addition, the GSCSP will provide eligible MAs with appropriate capacity building activities, technical assistance and policy support.

Table 7: GoG and GSCSP expenditure framework

GRANTS AND SUPPORT FOR MMDAs (US$)						
Exchange rate: US$1 = 4.4 GHC						
Budgets	**2018**	**2019**	**2020**	**2021**	**2022 (est.)**	**Total**
GoG LG Sector budget	150,932,235	162,373,460	176,281,415	276,343,367	191,482,619	957,413,094
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	76,100,014
Local Government Services (incl. RCCs)	143,424,691	155,347,832	166,712,385	239,565,557	176,262,616	881,313,080
- of which GoG sector grant allocations to MMDAs	115,826,393	147,265,117	157,561,213	174,909,383	148,890,527	744,452,633
- of which OHLGS and RCCs budget to support MMDAs	27,598,298	8,082,715	9,151,172	64,656,174	27,372,089	136,860,447
Total IGFT to MMDAs	366,816,858	418,725,291	458,718,932	426,862,353	417,780,858	2,088,904,292
Sector grant to MMDAs[13]	115,826,393	147,265,117	157,561,213	174,909,383	148,890,527	744,452,633

[11] According to the Constitution, the DACF amounts to at least 5% of national revenues.

[12] In addition to DACF resources, a number of development partners (Germany, Switzerland) are expected to provide additional funding for the RFG component. At the time of this assessment, these development partner commitments had not been confirmed.

[13] GoG transfers for MMDAs for payroll and sector goods/services/capital are itemized by MMDA

Block grants to MMDAs (about 60% of the DACF)	250,990,465	271,460,174	301,157,719	251,952,969	268,890,332	1,344,451,659
District Assembly Common Fund[14]	**418,317,442**	**452,433,623**	**501,929,532**	**419,921,615**	**448,150,553**	**2,240,752,765**
- 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	1,344,451,659
- 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	161,334,199
GSCSP support (PforR Program)	**8,600,000**	**14,600,000**	**20,900,000**	**26,400,000**	**29,500,000**	**100,000,000**
CSGs and UDGs to Program MAs	6,600,000	12,600,000	18,900,000	24,400,000	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 to Participating MAs (10% of total RFG)[15]	3,011,886	3,257,522	3,613,893	3,023,436	3,226,684	16,133,420
GSCSP as % of RFG to MMDAs	28.55%	44.82%	57.83%	87.32%	91.43%	61.98%
GSCSP as % of DACF block grants to MMDAs	3.43%	5.38%	6.94%	10.48%	10.97%	7.44%
GSCSP as % of total IGFT to MMDAs	2.34%	3.49%	4.56%	6.18%	7.06%	4.79%

Program Financing –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. 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
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**

Three Development Partners[16] have committed to financing the DDF after 2018 with the integration of the DDF and 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 DPs contribution will be part of the 20 percentage points of the RFG window of the DACF.

[14] 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.

[15] The portion of the national RFG going to participating Program MAs as part of direct GoG contribution is estimated at 10% of the total RFG to all MMDA – pro rata basis given total population participating MAs Program MAs is 3,140,344 which is about 10% of the national population.

[16] Germany (KfW), Switzerland (SECO) and the European Union (EU).

Disbursement Linked Indicators and Verification Protocols

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

Table 9: 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 MAs	2.5	MLGRD
	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	OHLGS
Total		100.0	

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. Number of MAs that qualify for Capacity Support Grants – annual performance assessments will identify those MAs 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 qualify for 20% 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 management benchmarks which is addition to the generic institutional performance measured under DLI 2 for all MMDAs by GoG through the DPAT assessment. Annual performance assessments will identify those MAs that comply with UDG Minimum Conditions and, thereafter,

the extent to which they have achieved urban management Performance Benchmarks. 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 Performance Benchmarks 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 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. Higher scores in this area will signal better MA performance.

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 work plan, have: (a) provided MAs within their respective regions with capacity building support; and (b) provided adequate monitoring of and reporting on MAs.

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 that 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 annual DPAT assessments. The release of UDGs to MAs is contingent on the MLGRD undertaking the DPAT national assessment on a timely basis and 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 is intended incentivize coordinated national support to MAs by MLGRD/MDAs[17] 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 RCC[18] and MA[19] staff are in position; and (b) provide MAs and RCCs with the capacity building support needed for them to perform their functions.

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 governance and urban service delivery.

Verification protocols for the Disbursed Link Results (DLRs): an independent verification agent (IVA) will be hired by MLGRD every year to carry out: (a) annual assessments of MA performance with respect to CSGs and UDGs; (b) annual assessments of RCC performance; (c) annual performance of the MLGRD, and

[17] LUSPA; EPA; LVD; and other MDAs

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

[19] The key and core MA are: Municipal Coordinating Director; Municipal Planning Officer; Municipal Finance Officer; Municipal Budget Analyst; Municipal Internal Audit Officer; Municipal Works Engineer; Municipal Physical Planning Officer; Municipal Procurement Officer; Environmental &Social Safeguards Focal Person; Client Service Officer; Social Welfare and Community Development Officer.

(d) assessments of disbursement-linked results. The World Bank will retain the right to make any final decisions as to whether or not a DLI has been achieved. For purposes of final verification, the World Bank will ensure regular independent quality assurance of both the APA process and stakeholder reporting on DLI achievement. The details of the DLIs and the verification protocol is provided in Annex 3. 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 firm. MLGRD will ensure that the terms of reference for this firm are satisfactory to the 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 plan[20] to back-stop and build capacity of MAs and to support the Program objectives; (iv) assess the timeliness of the APA by MLGRD 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 RCC 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 Bank Disbursement Table, and provide the aggregate disbursement amount along with the consolidated full assessment report and its findings simultaneously to GoG and the Bank for review;

(ii) The Steering Committee of the IMCC will 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 Steering Committee of IMCC will review the assessment results for clear and indisputable errors;

(iii) As part of implementation support, the Bank will review the assessment results, the allocation amount and will ensure that there was timely disbursement of Program funds in the previous year. Bank's final review will prevail in the case of any disputes.

Capacity Building and Institutional Strengthening

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 base 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 MoLHUD and OHLGS to support and guide the capacity-building efforts of Program MAs and to develop national systems for improved urban development and management.

The UDG will be used by MAs for provision of urban infrastructure/services and in the process the 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 Bank funded LGCSP. Training and support of this type – and for systems enhancement - will be procured by municipal LGs themselves on the basis of

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

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.

At the central level, OHLGS will provide guidance to 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 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 a MA and RCC or cross cutting issues affecting all the RCCs and MAs.

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 Bank technical support have also been described in the Implementation Support Plan in annex 9 of the PAD.

Institutional and Implementation Arrangements

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. In this regard, besides the participating Municipal Assemblies (MAs), which are the primary target beneficiaries and implementing agencies of the Program, there are many other Ministries, Departments and Agencies (MDAs) that will be making significant contributions towards successful implementation of the Program. The more prominent of the institutional mechanisms and organizations, and their roles, functions and accountabilities are described briefly below.

The Ministry of Finance (MOF), through its Fiscal Decentralization Unit (FDU) and the Controller & Accountant General Department (CAGD), 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. Further, through its active participation in the IMCC, the Steering Committee (SC) and the Technical Working Group (TWG), the MOF will decisively influence the pace and effectiveness of the Program implementation.

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 MDAs such as the Office of the Head of Local Government Services (OHLGS), MOF/FDU, Land Use and Spatial Planning Authority (LUSPA), Land Valuation Division (LVD) and Environmental Protection Agency (EPA). Furthermore, the ministry will also be responsible for the overall disbursement and accounting for the Program funds, and reporting on the same to the SC and Parliament.

The roles and functions of Program implementation will be mainstreamed into the standing structures, systems and processes of the GOG, and therefore those of the MLGRD. In the latter context, relevant directorates and/or departments of the Ministry will assume direct responsibility for performing coordination, supervision and accountability for the various implementation activities required of the Ministry. In that overall framework, the Policy, Budgeting, Monitoring and Evaluation (PBME) Directorate of the MLGRD will be responsible for: (i) proactively supporting the Chief Director of the Ministry in coordinating the activities and inputs of the directorates and departments of the Ministry; and (ii) the overall management, including work-planning, budgeting, and monitoring and evaluation, of the Program implementation. This internal coordinating role encompasses identifying and closing gaps in the capacity of the Ministry to discharge its roles and functions in the Program implementation.

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 LGCSP. In addition, the assessment has recommended that the Ministry contracts the services of: a technical firm to support guidance, backstopping and quality assurance in design and implementation of the larger urban infrastructure projects to be implemented under the Program; and in-house technical experts in capacity building and institutional development, projects engineering and construction supervision, and environmental and social safeguards and resilience management.

The Office of the Head of Local Government Service (OHLGS) has the responsibility of ensuring that the RCCs and participating MAs have the capacity to effectively and efficiently perform their role and functions under the Program. To this end, the OHLGS will: (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. In the latter context, 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 (see below).

There will be a Steering Committee (SC) as part of the institutional and implementation arrangements for the GSCSP which are aligned to the mechanisms established for the implementation of the World Bank funded LGCSP and the GoG DPAT arrangements. Thus, overall policy and strategic oversight and coordination for the Program implementation will be the responsibility of an existing inter-agency Steering Committee that is chaired by the Minister of Local Government and Rural Development (MLGRD). Other agencies who are represented in the Committee include MOF/FDU, the IMCC, NDPC, OHLGS, Office of the Administrator, District Assemblies Common Fund (DACF), Office of Head of Civil Service (OHCS), Ghana Audit Service (GAS), CAGD, National Association of Local Authorities in Ghana (NALAG), Civil Society Representative (LOGNET), and representatives of concerned Development Partners (DPs). The SC is required to meet at least twice a year. In its designated role, the SC will oversee and approve the implementation of participating MAs' performance assessment, including final approval of scores, and approval of the work plans and budgets, and implementation progress reports, of the implementing MDAs.

The overall oversight of technical coordination of the program implementation will be undertaken by the existing LGCSP/DPAT 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 SC. The TWG will undertake reviews and verification of the MAs' performance assessments, 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 and MDAs on measures to improve performance; and the steering committee on policy and strategic issues.

The RCCs will support the implementation of the Program by discharging its constitutional and statutory mandate and functions. The enabling Local Government Act, 2016 (Cap 936 of the Laws of Ghana) states that RCCs are established for the purposes of: (i) monitoring, co-coordinating and evaluating the performance of the District Assemblies in the region; (ii) monitoring the use of all monies mobilized by the District Assemblies and those allocated and released to the MMDAs by any agency of the central Government; and (iii) reviewing and co-coordinating public services generally in the region. Further, the statute specifies, among others, that the RCC will provide "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". In practice, the RCC convenes an annual two-day participatory forum for MMDAs to collaboratively review the RCC's findings, conclusions and recommendations of annual assessments of the MMDAs. In these processes, the progress and performance assessments in the implementation of this Program in the participating MAs will necessarily and prominently feature. 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.

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. Further, the MAs will ensure integrity and fiduciary responsibility, safeguards and grievances redress in execution of implementation activities and use of funds. To these ends, the OHLGS, the MLGRD and the RCCs will supply necessary capacity building and technical back-stopping support to the MAs. In the current institutional system, the MAs are required to prepare and submit comparatively comprehensive quarterly work plans and progress reports to the RCCs. In turn, the RCC is required to undertake quarterly performance assessments of every MMDA in its jurisdiction and report the same to the OHLGS. On its part, the OHLGS undertakes annual performance assessments of all the RCCs and MMDAs under a nationwide performance contracting system. These accountability and performance assessment systems are operational and comprehensive, and will encompass MAs performance in the implementation of this Program.

Section II: Methodology

The Environmental and Social Systems Assessment (ESSA) of Ghana was informed by the findings from desk review of relevant documents, including the safeguards frameworks of the ongoing 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 EA Sectoral Guidelines and environmental, social and resettlement frameworks of existing projects in the World Bank's portfolio in Ghana.

Field visits and site assessments of representative subprojects[21] under the LGCSP were also conducted by the ESSA Team in five MMAs located in four Regions[22] 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 the MLGRD, PPBMED, National EPA and Regional EPA, the Land Valuation Division and Environmental and Social Practitioners. See in Annex 1 the list of people consulted.

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 of LGCSP.

The findings and recommendations of the ESSA were presented to various stakeholders during the consultations in Accra on March 27, 2018. Feedback and inputs from the stakeholders were solicited during the consultations and are considered in the finalization of the ESSA, including the recommendations and the actions in the Program Action Plan. The summary of the ESSA consultation is presented in Section X while the full documentations of the ESSA consultations are shown in Annex 1.

While the ESSA Update is a product of the World Bank[23], the inputs and support of national, regional and MMA stakeholders have highly been invaluable, and sincerely appreciated. On the basis of the findings of the analysis and consultations with stakeholders, the ESSA proposes recommendations for consideration in

[21] Subprojects visited include: Public Markets and Stalls, Commercial Complex, 2-storey Magistrate Court, Bus Terminal, Public Toilets, School Buildings, Police Station, Public Park, Municipal Drainage and Access Road.

[22] MMAs visited included: Ga West, Cape Coast, KEEA, Kumasi and New Juaben.

[23] The World Bank team responsible for preparing this ESSA consisted of Josefo Tuyor (Senior Environmental Specialist), Charles Ankisiba (Senior Social Development Specialist) and Anita Takura (Environmental Specialist) with the assistance from Asferachew Abate Abebe (Senior Environmental Specialist), Emmanuel Mante (PPBMED, Environmental and Social Specialist) and Abdulai Darimani (World Bank Consultant).

the overall Program Action Plan, Disbursement Linked Indicators, and elements of the revised Program Operations Manual. These actions will strengthen existing national, regional and sub-national LG systems, substantially contributing to achieving the program's desired results.

Section III: Description of Environmental and Social Risks Associated with the Program

The Program will finance priority urban infrastructure works proposed by MA based on its 3-year medium term development plan. It also supports capacity building activities. Eligible infrastructure investments fall under 5 thematic areas/sectors including: (i) waste management & sanitation; (ii) storm water drainage; (iii) connectivity; (iv) urban social and economic infrastructure; and (v) disaster management (see Table 10 for details). Majority of the subprojects will involve rehabilitation works and expansion or extension of existing infrastructure within the existing right-of-way and premises.

Table 10: Investment Menu for MAs - Eligible Areas in Infrastructure and Services

Infrastructure/Service	Type
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 *Construction or rehabilitation of any landfills will be ineligible under the Program as this poses serious risks, takes time to prepare and faces social acceptability issues, which may delay implementation.*
Storm water drainage	Drainage systems (follow the guideline developed by the Ministry), flood control systems.
Connectivity	Urban roads, pedestrian walkways and bicycle paths, paved area, roundabout, street and security lights[24] and road signs *Based on LGCSP experience, MMAs avoid subprojects that would entail large resettlement because of cost involved, time needed to prepare the subprojects and the potential impact on future access to financing. That said, the Program will exclude subprojects that require resettlement of 200 or more people.*
Urban social and economic infrastructure	Urban market facilities, transport depots, basic infrastructure for industrial estates, bus terminals, urban parks and greenery[25]
Urban disaster risk management	Fire control stations, disaster management equipment (firefighting trucks, rehabilitation and/or construction of new firefighting station and facilities), flood-protection

[24] including solar street lights, where applicable

[25] including re-establishment of natural flood plains and vegetation, where applicable

Infrastructure/Service	Type
	infrastructure (e.g. reinforcement of levees, physical or natural reinforcement)

The Program will exclude subprojects/investments that are likely to have significant adverse environment and social impacts and risks or those categorized as A under World Bank safeguard policies and Schedule II category under GoG's Environmental Assessment Regulation. These types of subprojects mainly involving new construction of relatively large scale infrastructure, while highly unlikely to be prioritized by the MMAs due to budget constraints and time needed to prepare these investments, will be excluded from Program financing consistent with the requirements of a Program for Results operation. Subprojects will be screened by the Safeguard Team at the level of MMA with support from Regional EPA and PPBMED, Environmental and Social Specialist, and subprojects that are category A or falling under Schedule 2 of Ghana's EA Regulation will be excluded from the Program (Including activities in Table 2B and para.35 of the PAD). More specifically, the following works will be ineligible for financing under the Program:

- Road works outside of existing rights-of-way;
- Works involving physical relocation of more than 200 people;
- Likely to adversely create or exacerbate conflict within communities;
- Have significant adverse impacts on communities and sensitive receptors;
- Large scale market construction falling under Schedule 2 of Ghana's EA Regulation that contribute to large amount of solid wastes in the cities;
- Large-scale flood control systems (such as dams or large dykes);
- Sanitary landfills;
- Activities that would significantly convert natural habitats or significantly alter potentially important biodiversity and/or cultural resource areas.

3.1. Environmental Benefits

Similar to LGCSP, the Program is expected to provide environmental (apart from economic) benefits to beneficiaries and the general public at large. Many of the subprojects under the existing LGCSP have already contributed positively to environmental sustainability. The following are some examples of environmental benefits:

- 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;
- Improved air quality due to improved traffic flow, reduced fuel consumption and dust entrainment through better roads. The improved traffic infrastructure has also reduced vehicle accident hazards;
- Reduced road flooding and reduced roadside erosion through drainage improvement. The improved roadside drains keep contaminated floodwater away from pedestrians, therefore reducing the risk of water-borne diseases;
- Public health improvement because of construction of health centers, removal of accumulated solid wastes from city streets and commercial centers through better solid waste collection;
- Reduced traffic congestion and reduced pedestrian accident hazard through improved bus terminals;
- Enhanced green cover through establishment of public parks and landscaping of public areas associated with the planned urban infrastructure;
- Increased awareness on the importance of environmental management at the MMA level that has an effect outside of the Program investments.

3.2. Social Benefits

Overall, the LGCSP has had a number of social benefits, particularly owing to its design to enhance the institutional performance of participating MMAs to improve urban service delivery to the local community. From the perspective of socio-economic development, new or refurbished streets, centralized and modern market areas and transport terminals and general improvement in municipal services are all enabling factors for the community. The following are some examples of social benefits:

- Improved community accessibility to schools, health centers, public markets and commercial centers through better roads;
- Improved accessibility of schools through construction of disability-friendly schools;
- Improved security and safety through improved walkways and street lights;
- Better conditions for vendors, stall and business owners and customers along commercial centers and public markets;
- Better conditions and safe environment for drivers and commuters through improved bus terminals;
- Employment opportunities for the community through construction and maintenance of the municipal infrastructure. Positive economic impact on livelihood and the businesses through better accessibility and improved security; and
- Strengthened local capacity to deliver. The experience gained by municipal officials in managing the environmental and social impacts of infrastructure investment should strengthen their capacity to manage municipal growth in more sustainable ways.
- Awareness creation and empowerment of citizens to participate in decision making and exact accountability from duty bearers. Through various project activities the citizens in the selected MMAs have been stimulated to demand accountability from public officials

3.3 Potential Environmental Impacts and Risks

This section outlines the potential negative environmental impacts and risks that could be generated from the implementation of the proposed Program. These impacts were identified through review of relevant documents, comprehensive stakeholder consultations, field visits of the existing beneficiaries and completed and ongoing subprojects under the LGCSP and knowledge and experiences for the same types of subprojects financed by the Bank.

The Program's environmental impacts and risks similar to the ongoing LGCSP, are mainly construction-related. Based on LGCSP experience, 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. 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. That said, impacts have been observed to be limited and confined within the physical footprint of subprojects and standard mitigation measures are known and effective. In addition, since 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 impacts from the Program are discussed in more detail below.

Environmental implication of construction materials and construction. Construction works require sourcing, extraction and hauling of construction materials (aggregates, gravel, sand, etc.) from borrows pits and quarry areas to the construction site as well as management of construction sites. Depending on the sourcing and siting of construction materials, impacts would include removal of vegetation, collapse and erosion of unstable slopes and sedimentation of nearby water bodies (if there are). Extraction and hauling can also expose workers and communities to health impacts and risks especially if extraction is not done properly and site restoration is not carried our properly and on time, and when hauling of materials passes

through communities. Extraction may also require acquisition of land. The exact location of the subproject and the management of the sourcing of construction materials are the key issues here.

Implications on air quality and noise. During construction, there may be localized air quality deterioration from dusts and exhaust emissions from concurrent construction activity with multiple crews operating and ehicles and road equipment. Noise from construction works may disturb neighboring communities. This impact will be temporary and can be minimized by adopting appropriate mitigation measures, including maintaining equipment and vehicles to manufacturers' standards and limiting operating times to daylight hours. During operation, some completed infrastructure such as abattoirs and public markets, may emit bad odor and contribute to air quality deterioration if liquid and solid wastes generated from these facilities are not managed properly.

Implications on Physical Cultural Resources. Any subproject activities that involve excavation and civil works could potentially affect PCRs buried underneath the earth or located along the physical footprint of subprojects. However, given that subprojects are mainly rehabilitation or extension within existing ROW and premises, and impacts on PCRs will be avoided as part of the subproject design, potential impacts are deemed to be minimal, if not, highly unlikely. As part of subproject screening, infrastructures will avoid sites of archeological, cultural, religious, and historic value. For the possibility of "chance finds" for unknown cultural heritage, the Program will follow the standard chance find procedure and GoG's law on cultural resources, which will be included in contractor's contract.

Potential for Soil erosion. Soil erosion could result around infrastructure, undermining the foundation of the infrastructure itself, and reduce its operational life greatly. Soil erosion along the physical footprint of the subproject could affect nearby waterways, its quality and aquatic life as well as adjacent or neighboring lands and properties. Again given the scale of physical works, soil erosion is predicted to be minimal and localized.

Implication on solid and liquid wastes. Wastes are generated during construction from physical works and by workers. Indiscriminate disposal and/or storage of solid and liquid wastes including, cement and other material packages and left over construction materials, have potential to generate impact on the nearby environment and health and safety of the workers, local community, and the beneficiaries. Solid wastes during the construction include paper wrapping, scrap metal, excavated soils, polythene, plastic and metal will cause pollution and littering of the immediate and localized environment. Solid and liquid wastes from workers and workers' camps, if not collected, stored, disposed and managed properly, can also cause pollution and affect the health of workers and nearby communities.

Potential depletion and pollution of surface and ground water resources. Water required for construction purposes could potentially place greater demand on both surface and groundwater resources. Drainage systems in urban areas to divert flood water could have environmental impact on water courses, resulting in pollution with solid waste debris, wastewater, and silt, and thereby a significant reduction in the human and ecological value of the water course. Liquid and solid wastes from construction site and worker's camp can pollute surface water bodies**.**

Community and occupational health and safety. Community and occupational health and safety issues are among the main concern of the Program. The significant concern of health and safety will arise during the construction predominantly during excavation works, operation of equipment and machinery, transport of construction materials and influx of outside workers to the project site, among others. During operation of completed facilities, health and safety issues could remain a concern if those completed facilities are not properly managed. For example, improper operation of abattoir could expose workers to pollution, and wastes generated in commercial centers and public markets, if not properly collected and disposed, could cause health and safety concerns for the beneficiaries and communities. Dust, disruption of access and damage to public utilities will also negatively affect the community in the project area if proper measure is not taken.

Implication for cumulative impacts of the Program. The Program activities are small to medium scale and will mainly involve rehabilitation or extension or expansion of existing facilities within the existing ROW and premises just like the ongoing LGCSP. That said, the Program activities are expected to have insignificant cumulative impacts.

3.4 Potential Social Impacts and Risks

Risk related to land acquisition and resettlement. While majority of the subprojects will be implemented within the existing ROW and premises, there might be a few cases where lands maybe acquired for the project and some individuals may be physically displaced. The impact is expected mainly to be on temporary relocation of vendors, hawkers, drivers and individuals during the construction of public markets and commercial centers, which could potentially affect on their incomes and livelihood, if they are not properly relocated albeit temporarily. As experienced under the LGCSP, MMAs prioritized subprojects that required no or minimal land acquisition. These had temporary impacts on livelihoods and accessibility during construction but, as mentioned, these are mainly **temporary** and expected to only last for a few months while construction is going on and affected vendors, hawkers, drivers, etc. were provided with temporary relocation areas to allow them to continue their respective trades. Although temporary relocation of PAPs under the LGCSP has been managed satisfactorily due mainly to the small number of PAPs impacted, there is potential risk of impacts escalating if subproject activities require permanent physical resettlement of PAPS. Currently, there appears to be lack of clarity in existing national legislations on the institutional responsibilities for implementing and managing long term physical displacements resulting from infrastructure development, except for resettlement resulting from mining activities. To address this the Program will propose measures such as increased awareness and capacity building among designated safeguards staff under the MLGRD and the participating MMAs and the EPA and the LVD to enhance their capacity to expeditiously handle resettlement issues. Developing protocols for collaboration and cooperation will also be supported by the Program.

Risks associated with voluntary land donations. Under the LGCSP beneficiary communities in their bid to attract more support for infrastructure development such as commercial markets, clinics and community centers have offered to donate land freely to the MMAs. Although these donations may be done in good faith they are often not accompanied by evidence of consultations and Memorandum of Understanding (MoU) amongst community members and the MMAs. Land is an intergenerational property and tenure in Ghana is regulated under a pluralistic regime, which combines both statutory and customary practices. It is therefore important that such transfers are well documented to protect the investment of public funds. The Program will not preclude the acceptance and the subsequent use of funds on land donated by beneficiary communities, however, due diligence will be required in the assessment of such land donations. The Program will provide measures to ensure that safeguards officers at the MMAs have the capacity to conduct appropriate assessments to ensure that such beneficiary communities have adequate land to support livelihoods of its members after any such donations.

Potential risks associated with labor influx and child labor. One of the major objectives of the Program is to create job opportunities to significant number of unskilled and semi-skilled laborers within the locality in urban areas. From LGCSP experience, labor influx is deemed largely insignificant though in a very few cases there were a few contractors who brought in more workers from outside due to misbehavior of some locals such as going home early before dismissal time or not reporting back to work after lunch. However, due to the relative small scale of subprojects and the location of subprojects in urban areas with a substantial pool of labor often available, it is not expected that the Program will induce an influx of workers from outside the impact communities. As much as possible, MMAs would require contractors to use local labor to create employment and job opportunity to the locals. This is important to avert potential social tensions between host communities and contractors and also the potential for other increasingly prominent social risks that the

Bank and clients have had to deal with such as Gender-Based Violence (GBV), under-age commercial sex resulting in HIV/AIDS and other sexually transmitted diseases. On the other hand, job opportunities may signal young children to skip school in the hope of employment thus encouraging child labor if not managed well.

Section IV: Description of Program Environmental and Social Management System

4.1 Legislative and Regulatory Framework

4.1.1 Environmental Assessment[26]

- **Legislation**. The Environmental Protection Agency Act, 1994 is the framework legislation for EA in Ghana. In its entirety, it defines requirements that will govern EA for the Program. Section 1 of the Act established the Environmental Protection Agency (EPA). Section 2 mandates the EPA, inter alia to: ssue environmental permits and pollution abatement notices for controlling the volume, types, constituents and effects of discharges, emissions, deposits or other sources of pollutants and of substances which are hazardous or potentially dangerous to the quality of the environment or any segment of the environment.
- Issue notice in the form of directives, procedures or warnings to such bodies as it may determine for the purpose of controlling the volume, intensity and quality of noise in the environment.
- Prescribe standards and guidelines relating to the pollution of air, water, land and other forms of environmental pollution, including the discharge of wastes and the control of toxic substances.
- Ensure compliance with any required EIA procedures in the planning and execution of development projects, including compliance in respect of existing projects.

Regulations. The procedures for compliance with EA requirements are the Environmental Assessment Regulations, 1999, or Legislative Instrument (LI) 1652. LI 1652 consists of Thirty Regulations and Five Schedules detailing procedures to be followed in the EA process. It is in three parts: Part 1 deals with environmental permits, the registration of new and existing undertakings, screening and fees. Part 2 describes the various types and levels of EA Reports – Preliminary Environmental Report (PER), Scoping Report, Environmental Impact Statement (EIS) – and prescribes actions to be taken by the EPA upon submission of such reports within specified deadlines. This part also provides for public participation during the EIS study as well as review of environmental reports. Part 3 contains miscellaneous provisions dealing with the submission of annual environmental reports; suspension, cancellation or revocation of permits and certificates; complaints by aggrieved persons; gazette publication; offenses and penalties; appeals; interpretation and schedules. Fees and charges for permit processing were specified in 2002, as amended in 2017.

LI 1652 defines EA as "the process for the orderly and systematic evaluation of a proposal including its alternatives and objectives and its effect on the environment including the mitigation and management of those effects: the process extends from the initial concept of the proposal through implementation to completion, and where appropriate, decommissioning." Environmental impact is given a wide definition under LI 1652. It includes any direct or indirect, positive or negative change in the environment caused by man-made works or activity when such changes affect life in general, biodiversity, the quality or a significant quantity of natural or environmental resources and their use, well-being, health, personal safety, habits, customs, cultural heritage or legitimate means of livelihood. This implies that any assessment should cover the above definition in its entirety and hence make provision for socio-economic and health impact assessments as an integral part of the EA process.

Schedule 1 of LI 1652 provides the list of undertakings that require registration with EPA and issuance of an environment permit. Schedule 2 lists undertakings for which EIS is mandatory. EIS is also required for any proposed undertaking or development to be located in any of the areas broadly defined as environmentally sensitive in Schedule 5 of LI 1652:

[26] Based on Safeguards Diagnostic Review for Piloting the Use of Ghanaian Systems to Address Environmental Safeguard Issues in the proposed World Bank-Assisted Ghana Energy Development and Access Project (GEDAP), Equivalency and Acceptability Report, December 2006.

* Parks, reserves and sanctuaries declared by law, including sacred groves;
* Areas with potential tourist value;
* Habitat of endangered or threatened species of indigenous flora or fauna;
* Areas of unique historic, archeological or scientific interest;
* Areas traditionally occupied by cultural communities;
* Areas prone to natural disasters;
* Areas prone to bushfires;
* Hilly areas with critical slopes;
* Areas classified as prime agricultural lands;
* Recharge areas of aquifers;
* Water bodies used for domestic supply, or located in protected areas, or supporting wildlife or fishery activities; and Mangrove areas.

Procedures. EPA published *Environmental Impact Assessment Procedures* in 1995 to provide guidance on complying with the EA requirements of the EPA Act. Although the document predates LI 1652, it is generally consistent with the Regulations and remains relevant and operational. It describes in detail the stepwise EA process, which is shown in Figure 1 and described below.

* *Registration with EPA.* The proponent of any activity required by LI 1652 to register submits a Registration Form.
* *Screening.* EPA determines whether a proposed development should be subjected to further assessment, and if so, the level of assessment that will be required. A site inspection by EPA officers is conducted and a screening report presented to a cross-sectoral EA Technical Review Committee (EA/TRC) (see below) for decision-making within 25 days of registration. The decision can be one of four:
o Environmental permit declined (objection to the project);
o Environmental permit issued (no objections);
o PER required; or
o EIS required;

Consultations with relevant stakeholders, particularly institutions responsible for land use zoning, fire, planning permits and persons and communities likely to be affected are important ingredients in the screening decision.

* *Scoping.* Whenever the result of the screening or the review of a PER (submitted as the result of screening) indicates that significant adverse environmental impacts may result from the undertaking, EPA requires the proponent to submit an EIS. In this instance, the proponent first commissions or undertakes a scoping exercise. This involves widespread consultations with interested and/or affected parties, in order to identify all key environmental and social issues and to determine how the concerns of all parties will be addressed. As a part of the scoping process, the proponent is expected to: (a) give notices of the proposed undertaking to all relevant Ministries, Department and Agencies as well as Metropolitan, Municipal or District Assemblies; and (b) advertise in at least one national newspaper and a newspaper circulating in the locality where the proposed project is to be located. The proponent prepares a Scoping Report, which includes a draft Terms of Reference (TOR) for the EIS and submits it to EPA which reviews it with the assistance of the EA/TRC and provides comments within 15 days. The draft TOR can be rejected or approved or revisions/modifications may be required. The proponent is also expected to make copies of the Scoping Report available for inspection by the general public in the locality of the proposed undertaking.

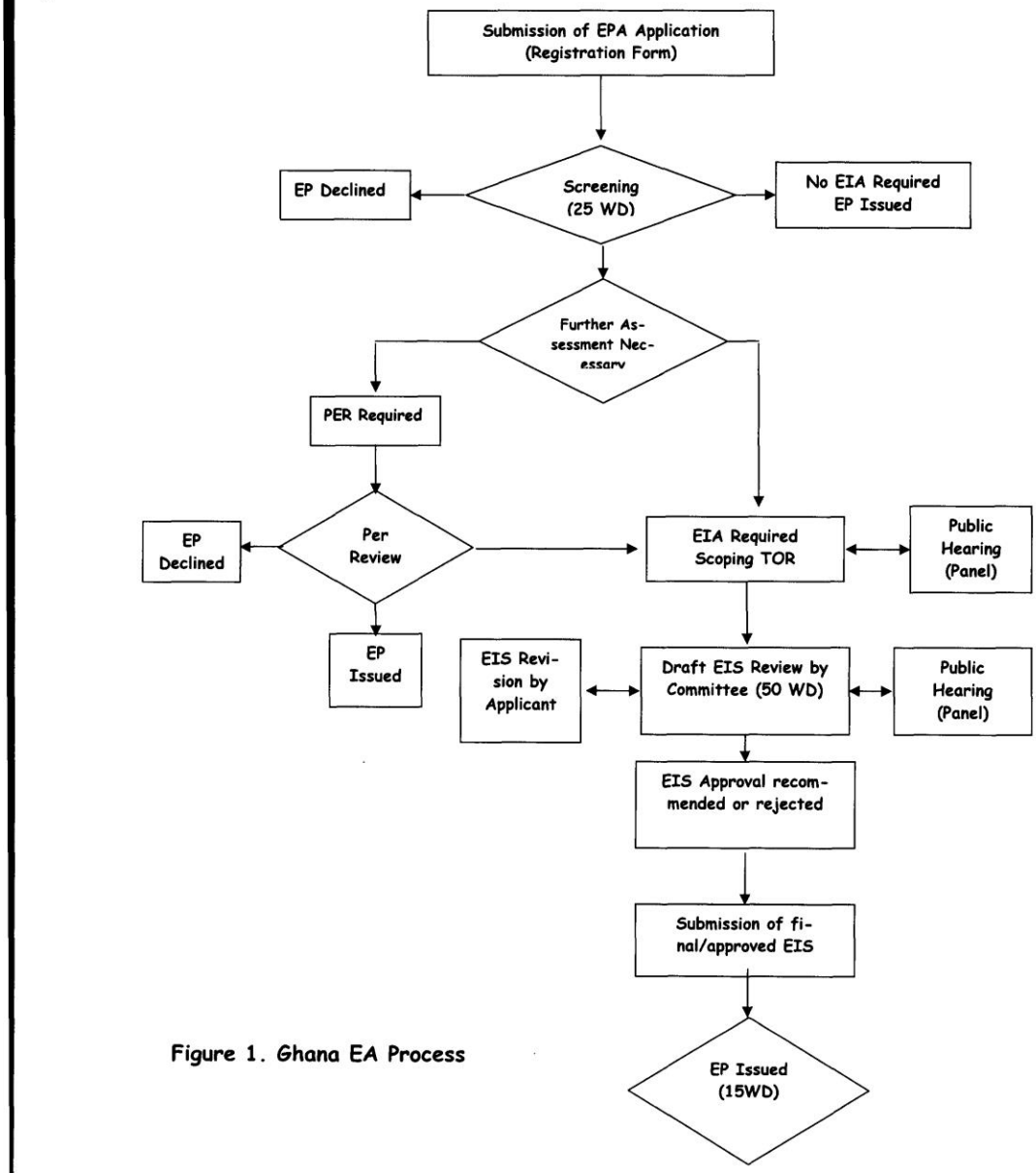

Figure 1. Ghana EA Process

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Figure 1 Ghana EA Process

Environmental Impact Statement. LI 1652 specifies the required content of an EIS. During implementation of the study, the proponent is required to initiate a public information and consultation program for the area likely to be affected by the undertaking. Copies of all reports of the study shall be made available to EPA and relevant stakeholders. Public concern shall be recorded and must be addressed by the EIS. The proponent submits the final draft EIS to EPA.

* *EPA Review.* The report is reviewed by the EA/TRC, which is composed of representatives of various Ministries, Departments and Agencies, among which are the Ministry of Environment and Science, Ministry of Mines, Ministry for Works and Housing, Town and Country Planning Department, Factories Inspectorate Department and Centre for Scientific and Industrial Research. An EA/TRC has existed for some time at the central level and handles all proposed undertakings for which EIS is mandatory (i.e., those listed in Schedule 2 of LI 1652). Four regional EA/TRCs were established during 2005 to facilitate quicker review and follow-up. Regional offices deal with the initial registration of proposals and with review of PERs, hence the regional committees deal with small and medium-scale projects not located in sensitive areas. EA/TRCs will be operational in the other six EPA regions by September 30, 2006. The review committee is required to:

o Assist the EPA in screening/reviewing all EA applications and reports (EISs, PERs, Annual Environmental Reports, EMP and other related reports):
o Make recommendations to the Executive Director or Regional Director for final decision making;
o Provide technical advice on conduct of assessments and related studies for undertakings and the reports submitted on them;
o Make recommendations on the adequacy of the assessments and any observed gaps;
o Advise on the seriousness of such gaps and the risks or otherwise to decisions required to be made;
o Recommend whether the undertaking as proposed may be accepted or rejected, the conditions of acceptance if any, or the reasons for rejection; and,
o Provide guidance on how any outstanding issues/area may be satisfactorily addressed.

* *Public Consultation.* Public consultation is inherent in the EA process from screening to permit issuance. According to LI 1652 and the *Environmental Impact Assessment Procedures,* the concerns of the public, if any, and in particular concerns of immediate residents of the project site, must be taken into account at the screening stage. A proponent required to prepare an EIS must notify relevant ministries, government departments, and the relevant Metropolitan, Municipal or District Assembly of the proposed undertaking and advertise it in at least one national and one local newspaper. Scoping reports must be made available for public inspection in the locality of the proposed project. The TOR for an EIS must provide for consultation with members of the public that might be affected by the proposed project. During the review of a draft EIA, copies are placed at vantage points including the EPA Library, relevant District Assembly, EPA Regional Offices and the sectoral ministry responsible for a particular undertaking. EPA posts a public notice in the national and local newspapers about the EIS publication and its availability for public comments for a 21 - day period.

* *Public Hearings.* Regulation 17 of LI 1652 specifies three conditions that oblige EPA to hold a public hearing on a proposed project:
o When a notice issued under Regulation 16 of LI 1652 results in great public reaction to the commencement of the proposed undertaking;
o When the undertaking will involve the dislocation, relocation or resettlement of communities; and,
o When EPA considers that, the undertaking could have extensive and far reaching effects on the environment.

Where a public hearing is held, the processing of an application may be extended beyond the prescribed timelines required for EPA's actions and decision-making. In discussions with EPA officials, it was mentioned that the proponent's presentation at a public hearing needs to be in the local language, but this does not appear in the *EA Regulations.*

* *Environmental Permitting Decision (EPD).* Once the draft EIS is found acceptable by the EPA, the proponent is notified to finalize the report and submit eight hard copies and an electronic copy. Within 15 working days after submission, EPA issues the environmental permit and publishes an official notice of the approval in the Gazette within three months after issuance.

* *Fees.* An amendment to the *EA Regulations*, LI 1703 of 2002, specifies two separate fees that a proponent pays to EPA for processing applications and issuing permits. The amounts vary with project sector and size. A portion of the fees goes into the National Environment Fund that was established by the *EPA Act.* Fund proceeds may be spent on environmental education of the general public, research, studies and investigations, human resources development, and other purposes agreed in consultation between the Minister of Environment and the Board of EPA.

* *Appeals.* A person aggrieved by a decision or action of the Agency, including a decision not to hold a public hearing, may submit a complaint in writing to the Minister of Environment. The complaint shall be submitted to the Minister within 30 days of the complainant's becoming aware of the decision. The Minister has 14 days in which to appoint a panel with members as specified in LI 1652. The panel reports its findings to the Minister within 60 days from the date the matter was referred to it.

There are some inconsistencies within the *EA Regulations* governing disclosure. Regulation 16(1)1 requires EPA to publish a public notice for 21 days beginning with receipt of a draft EIS, in accordance with a form specified in Schedule 4 of the *Regulations*, and to "post at appropriate places such parts of the environmental impact statement as it considers necessary." However, the form in Schedule 4 does not indicate that only portions of the draft EIS will be disclosed; its language is "Copies of the EIS are available at the EPA library, EPA... Regional Office and ... District/Municipal/Metropolitan Assembly." Regulation 19 requires the proponent to submit eight hardcover copies and one electronic copy of the final EIS after acceptance by EPA but is silent on disclosure. This is an apparent gap between Ghanaian and World Bank/ADB EA systems, however, it is a gap on paper only. EPA standard practice is to disclose the entire draft EIS at the specified location. Final EIS reports are not "disclosed" in the same way (i.e., with a public notice), but they are public documents. EPA makes them available to interested members of the public at the same locations at which the drafts were disclosed. EPA will clarify that full documents are disclosed in the sector specific guidelines and the EA guidelines. The absence of any requirement that relevant documents be disclosed in form and language understandable to key stakeholders is an actual gap that needs to be filled.

Sectoral Guidelines: The EPA has issued EA sectoral technical guidelines for key sectors relevant to the Program such as General Construction and Services Sector (apply to all construction), Energy, Transport, Management of Health Care and Veterinary Wastes, Manufacturing Industry, Forestry and Tourism. These guidelines are used by proponents in environmental and social screening and in preparing ESIAs/ESMPs in the concerned sectors. Of critical importance 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.

Natural Habitats

Legislation and Regulations. Protection of natural habitats in Ghana is achieved through legislation that concerns forestry, including game, wildlife and wetlands. This legal framework demonstrates Ghana's intent to manage and preserve natural habitat through designation of reserves and protected areas and regulation of exploitation. It does not encompass the principles that underpin the World Bank policy, however - the

prohibition on conversion of critical natural habitat and the requirement that conversion of other significant natural habitat not be supported unless there is no feasible alternative and benefits outweigh environmental costs.

The *Forest and Wildlife Policy* adopted in 1994 aimed at the "conservation and sustainable development of Ghanaian forest and wildlife resources for maintenance of environmental quality and perpetual flow of optimum benefits to all segments of society." Among the objectives of the policy are to manage and enhance Ghana's permanent estate of forest and wildlife resources for preservation of vital soil and water resources, conservation of biodiversity and the environment and sustainable production of domestic and commercial produce.

The *Forestry Commission Act,* 1999, establishes a Forestry Commission and entrusts it with regulation of the utilization of forest and wildlife resources, conservation and management of those resources and coordination of policies related to them. The *Forest Ordinance,* dating from the colonial era but still in force 13 gives the President power to constitute forest reserves for the purpose of conservation, out of government, tribal or private lands. The effect of the Ordinance was therefore to make forest areas inaccessible except with the consent and/or permission of forestry officers.

Enacted in 1959, the *Protected Timber Lands Act'4* provided for declaration of off-reserve forest lands as protected timber lands; and gave the Forestry Department the power to regulate and control farm development and expansion in the affected areas. The *Forest Protection Decree15* enacted in the 1970s substantially re-enacted the Forest Ordinance. Closely related to forest reserves are "protected areas" under the 1994 *Trees and Timber Act.* As a measure aimed at preventing tree or timber waste, the Minister responsible for forestry may declare an area lying outside a forest reserve a protected area. Within such an area, it is an offence to fell or damage any tree or timber, to farm or build, to set fires or to kindle a fire without taking precautions to prevent its spread, without the prior written consent of the Minister.

The Wild Animals Preservation Act of 1961 gives the Minister responsible for forestry the power, by legislative instrument upon the advice of the Forestry Commission, to make Regulations, inter alia, for the:

* Establishment of reserves within which it shall be unlawful to hunt, capture, or kill any bird or other wild animal except those which shall be specially exempted from protection.
* The protection and preservation of reserves and of the animals therein.
* The imposition of penalties or imprisonment or both for breach of any regulation made under the Act.

Pursuant to this Act, the *Wildlife Conservation Regulations* as variously amended and the *Wildlife Reserve Regulations* as variously amended were issued in 1971. Under these Regulations were established five fully protected national parks (at Mole, Digya, Bui, Bia and Nini-Suhien), five game production reserves (in Gbele, Kalapa, Shai Hills, Bia and Ankasa), two wildlife sanctuaries (at owabi and Bomfobiri) and one strict nature reserve (at Kogyae) primarily for scientific purposes.Ghana is a party to the Ramsar Convention22 and enacted in 1999 the *Wetland Management (Ramsar Sites) Regulations* (LI 1659)23 Under LI 1659, six Ramsar sites have been designated and lists of activities proscribed and restricted in them have been promulgated.

Under the *Environmental Assessment Regulations,* EPA requires preparation of an EIS for any activity in or affecting an environmentally sensitive area listed in Schedule 3 of LI 1652. The list of those areas covers most if not all of what World Bank policy defines as both critical and non-critical natural habitats.

Physical Cultural Resources

Legislation and Regulations. Under LI 1652, potential impacts on PCR are to be taken into account at several stages in the EA process - in screening proposed undertakings and scoping, preparing, consulting on and

reviewing EIS reports. Various types of PCR are included in Schedule 5 to LI 1652, which lists environmentally sensitive sites for which EIS is always required (see para. 13 above). In addition to the EA requirements, there is specific legislation in Ghana for protection of PCR. Ghana ratified the World Heritage Convention of 1972 on April 7, 1975. Article 39(4) of the Constitution enjoins the State to preserve and protect places of historical interest and artifacts.

The Cultural Policy of Ghana of 2004 provides that special attention be given to the preservation of traditional sacred groves, monuments, artistic treasures held in chiefs' palaces, mausoleums, private homes and all objects of high artistic value. It requires the State to enact and review legislation to protect all cultural assets, to protect the rights of indigenous owners of cultural heritage, and to vest in itself ownership, protection and preservation rights of rare and monumental heritage objects. The policy further enjoins the National Commission on Culture (NCC) to recognize all traditional regalia and cultural artifacts, sacred stools, jewelry, religious objects, stool houses, graveyards, mausoleums and sacred groves associated with chieftaincy as national treasures. The NCC is further required to preserve as monuments, all forts and castles, designated shrines, mosques, church buildings, old city walls and gates, cultural sites, palaces, public and private buildings of historical significance and monumental sculptures. These are required to be protected from neglect, desecration and/or destruction. Under the policy, the NCC, in collaboration with the EPA, the Forestry Commission and other relevant agencies, is required to identify sacred forests and other heritage sites of Ghana and collect, collate and store indigenous beliefs and practices associated with them with the aim of conserving the nation's biodiversity and ecosystems and exploring their use as tourist attractions and sustainable sources of rare medicinal plants, animals and minerals.

The National Museums Decree, 1969,25 established the Ghana Museum and Monuments Board (GMMB) as a corporate body with power to acquire and hold land. The functions of the GMMB, inter alia, are to:

* Equip, maintain and manage the National Museum.
* Establish, equip, maintain and manage such other museums as it thinks fit.
* Preserve, repair or restore any antiquity which it considers to be of national importance.
* Investigate and report on any matter relating to any antiquity.
* Keep a register of all antiquities which it acquires or which are brought to its notice.

The Decree prohibits any person from exporting any antiquity except in accordance with an export permit issued by GMMB.26 Section 10 of the Decree imposes a duty on every person who discovers an antiquity, and the owner or occupier of any land upon which an antiquity is discovered to notify GMMB without delay in writing of the discovery. Under Section 11 the Minister may, on the recommendation of GMMB, by executive instrument proclaim any monument to be a national monument. Contravention of the provisions of the law constitutes an offense punishable inter alia by a forfeiture of the relevant antiquity.

Community and Occupational Health and Safety and Labor

The 1992 Constitution, Article 36 (10) requires that the State shall safeguard the health, safety and welfare of all persons in employment, and shall establish the basis for the full deployment of the creative potential of all Ghanaians.

Legislation and Regulations. In terms of workers' health and safety, the Factories, Offices and Shops Act 328, 1970 mandates the Factories Inspectorate Department to register factories and ensure that internationally accepted standards of providing safety, health and welfare of persons at the work place are adhered to. It defines a factory to include any premises (whether or not in a building) in which one or more persons are employed in manual labor, among others.

The Labor Act, 2003 (Act 651) amends and consolidates existing laws relating to labor, employers, trade unions and industrial relations. The Act provides for the rights and duties of employers and workers; legal or illegal strikes; guarantees trade unions and freedom of associations, and establishes the Labor Commission

to mediate and act in respect to all labor issues. Under Part XV of the Act on Occupational Health, Safety and Environment, the Act explicitly indicates that it is the duty of an employer to ensure that every worker works under satisfactory, safe and heathy conditions.

4.1.2 Social Assessment

Land Acquisition and Involuntary Resettlement[27]

Legislation. Land law in Ghana is governed by constitutional, legislative and customary law, with the last of these predominant.

Land ownership and management

The ownership, acquisition, use and occupation of land in Ghana are the creation of the tenure regime and regulated by both statute and customary laws. Generally, there are three main types of land ownership in Ghana and these are:

- Private ownership (Customary ownership, individual leaseholds and freeholds)
- Public/State ownership
- Vested lands (Customary-ownership but state-managed lands).

Customary ownership of land occurs where the right to use or to dispose of use-rights over land is governed purely by customary laws and practices of the land-owning community. It is estimated that about 80% of lands in Ghana are under customary ownership. Different types of interests and rights co-exist in within the customary land-owning system: (a) The *Allodial Title* is the highest form of ownership in land vested in a Stool/Skin (symbol of authority across the country) (1) a clan/ family (in Parts of Volta, Eastern and Greater Accra regions), or in private individuals who have purchased the freehold title in land. The owner of the *allodial title* has complete and absolute authority to dispose of the land for any use only subject to the laws of the country. (b) *Freehold title* is categorized into two; customary law freehold and common law freehold: *Customary law freehold* (also called usufructuary title), is an interest held by subgroups and individuals in land that is owned by a larger community. Under customary law this is acquired either by cultivation or by succession from the owning group. The customary law freehold is perpetual and also inheritable. Thus, the holder has the right to sell, lease, mortgage, or pledge his or her interest, or to grant agricultural tenancies. A common law freehold is an interest in land which arises out of a freehold grant made by the allodial owner either by sale or gift, or by grant from the holder of a customary law freehold. The grantee's rights under such a grant are defined by common law and it is common law rules that govern any dispute which may arise over the land. (c) *Leaseholds* are rights granted to any person to occupy a specified land for a predetermined term. Leaseholds are derived from common law and may be granted either by the holder of the allodial title or customary freeholder. (d) in addition to the above forms of interests created and recognized under customary law in Ghana are other forms of lesser interests in land, created by owners of the allodial title or customary freeholders. The two widely known and practiced examples are the *"abunu"* and "*abusa*" customary interests, which are usually created under share-cropping arrangements. Under any share system of arrangement a tenant farmer acquires land and farms it but upon the understanding and agreement with the owner that on harvesting the farm produce it is apportioned into either three parts *(abusa*) or two parts *(abunu).* In general, under "abusa" tenancy, the tenant farmer is entitled to a third of the produce from the land; while under the "abunu" system he/she is entitled to half of the produce. However, in most cash crop farming communities the tenancy agreement is not only limited to the produce but also the land ownership. This therefore redefines the nature of land ownership over land on which tree crops such as cocoa and oil palm are cultivated. Tenancy arrangements of the later kind are predominant in the forested areas of Western, Eastern, Ashanti and the Brong-Ahafo regions of Ghana. Most customary land transactions remain unrecorded, which often presents

[27] Based Safeguards Diagnostic Review for Piloting the Use of Ghanaian Systems to Address Environmental Safeguard Issues in the proposed World Bank-Assisted Ghana Energy Development and Access Project (GEDAP), Equivalency and Acceptability Report, December 2006.

challenges when such lands are being acquired under compulsory acquisition for which compensation is to be paid.

State owned lands are public lands which have been specifically acquired by the state under its power of eminent domain for public use using an appropriate law (Article 20 ; 1992 Constitution). Public lands constitute about 18% of lands in Ghana. Compulsory acquisition of land by the state is required to be made under a law, which provides for the payment of compensation to the expropriated owner. Such laws include the State Lands Act of 1962, Act 125 (as Amended). Public lands are managed by the Lands Commission.

A third type of land ownership known as **vested lands** are also found in Ghana; these are lands (estimated to be about 2%) that are legally managed by the state for and on the behalf of the land owing stool/skin. It is different from State lands because these have not been compulsorily acquired and therefore no compensation is paid, although it is managed by the Lands Commission for and on behalf of the land-owning community. The Administration of Lands Act 1962 (Act 123) empowers the President of the Republic of Ghana to declare, by Executive Instrument (EI), any stool land to be vested in trust and accordingly the state could administer such land as a trustee for a stool/skin. Under such ownership, the legal rights to sell, lease, manage, and collect rent is taken away from the customary landowners and vested in the state. However, the equitable right in the land, which is the right to enjoy the benefits and rent is retained by the land owners. Thus, all rents that accrue on the land are collected by the state and

National Land Policy and Administration

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 policy has the objective of ensuring a coordinated and orderly use of the land resources by present and future generations. Ultimately the policy seeks to give protection to proprietary rights and promote the concept of prompt payment of adequate and fair compensation for compulsorily acquired lands and create the enabling environment for community participation in sustainable land use and management. To achieve the above broad objectives 2008 four public land agencies under the Ministry of Lands and Natural Resources were reorganized and established under the Lands Commission Act, 2008 with the principal objective: *to promote the judicious use of land by the society and ensure that land use is in accordance with sustainable management principles and the maintenance of a sound eco-system.*

Compulsory Acquisition and Compensation

The 1992 Constitution of Ghana 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. The taking of possession or acquisition is necessary in the interest of defense, public safety, public morality, public health, town and country planning or development or utilization of property in such a manner as to promote public benefit and (ii) the necessity for the acquisition is clearly stated and is such as to provide reasonable justification for causing any hardship that may result to any person who has an interest in or right over the property." It is a requirement that sufficient provision must be made for the prompt payment of fair and adequate compensation (Article 20[2]). The Constitution further makes provision for any aggrieved person to have right of access to the High court to seek redress if dissatisfied with the manner of acquisition or the compensation thereof.

The State Lands Act 1962, Act 125 **(as Amended in 2000, Act 586)** empowers the President of the Republic to acquire any land for public use. The Act and its regulation, the State Lands Regulation 1962 (LI 230) outlines the modalities and procedures for compulsorily land acquisition and compensation. Section 4(3) of Act 125 stipulates that in assessing the compensation for land expropriated by the state due regard shall be had to the following: (a) the market or replacement value of the land; (b) the cost of disturbance or any other damage suffered thereby; and (c) the benefits to be derived by the people of the area in which the land is

situated from the use for which the land is acquired. This is to a large extent to ensure that the potential hardship of losing land and assets are minimized.

The Administration of Lands Act 1962 Act 123 empowers the President to compulsorily acquire stool lands for public benefit subject to the payment of compensation. The Act was enacted to facilitate the management and administration of stool lands. The Act provides for compensation entitlements to be assessed by giving 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).

The Lands Statutory Wayleaves Act 1963 (Act 186) provides for the compulsory acquisition of land for the purposes of construction, installation and maintenance of public utility works and creation of right of ways and other similar right for such works. Works for which right of ways may be created are "highways or works for purposes of, or in connection with any public utility works. The key elements of this Act include the following:

a) The owner/occupier of the land must be formally notified at least a week in advance of the intent to enter, and be given at least 24 hours' notice before actual entry;
b) Any damage due to entry must be compensated in accord with the procedures established by the Minister unless the land is restored or replaced;
c) In the case of highways, no compensation shall be paid, unless the land taken is more than one fifth of the total holdings of an affected person;
d) Where a right of way must be established in the public interest, the President may declare the land to be subject to such statutory wayleave; and
e) On publication of a wayleave instrument specifying the area required, and without further assurance, the land shall be deemed to be subject to wayleave. Compensation is then determined

and paid, with the right of appeal to a Tribunal established by the President, in parallel with the

Lands Act, 1962. Further to this Act, the Statutory Wayleave Regulations, 1964, provide procedural details to address grievances. Under the Program it is expected that meaningful consultations will take place between the Program Management Unit and Project Affected Persons.

Lands Commission Act, 2008 (Act 767) governs the assessment of compensation payment, determines the values of properties rented, purchased, sold or leased by or to Government; and prepares and maintains valuation list.

Procedure for Compulsory Land Acquisition

The detail procedure for acquisition is outlined in the State Lands Regulations 1962-(Legal Instrument 230). Once a Government institution needs land it applies to the Minister responsible for lands who then authorizes the Regional Commissioner 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 Commissioner who, in turn, forwards 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).

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 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.,

Vulnerable Groups

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 732) 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 children, 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.

4.2 Description of Institutional Framework

The main institutions with responsibilities for environmental and social management relevant to the Program are:

4.2.1 National Level

Ghana's Environmental Protection Agency (EPA) has existed since 1974. Policy and overall direction is provided by a 13-member Governing Board. An Executive Director Manages the agency's operations and administration.

The units most relevant to the Program are Environmental Assessment and Audit (EAA) Department and the 11 Regional EPA Offices. The EAA Department is headed by a Deputy Director and has a staff of seven professionals. It administers the intersectoral EA/TRC, prepares guidance documents such as EA sectoral guidelines and conducts review of full EISs prepared for high risk category A projects. In its review function, it can draw on experts in other EPA departments specifically Natural Resources, Built Environment, Manufacturing Industries and Environmental Quality.

Given the nature and scale of the subprojects under the Program, it is certain that no subprojects will be required a full ESIA and hence it is anticipated that the National EPA will not be directly involved in the processing and review of any subprojects. All subprojects are expected to be screened and a number will be required to prepare ESMPs and processed and issued permits by the Regional EPA.

LI 1652 provides for significant financial penalties or imprisonment of up to one year, or both, for commencing an undertaking without an environmental permit or failure to prepare an EIS for projects listed in Schedule 2. Most of the enforcement is carried out by the Regional EPA. EPA applies administrative sanctions including fines in routine cases and has a Legal Department that provides support in complex or contentious cases that result in litigation.

The National EPA has a Training Institute located in Greater Accra that provides EIA training to proponents and practitioners based on demand. The training course normally runs for 5 days. It has its own accommodation and can be tapped by the Program to run EA and Resettlement Trainings for MMDAs.

The Lands Commission Act 2008 establishes the Lands Commission to integrate the operations of public service land institutions to secure effective and efficient land administration to provide for related matters. The objectives of the Commission include among others to: (i) promote the judicious use of land by the society and ensure that land use is in accordance with sustainable management principles and the maintenance

of a sound eco-system; and (ii) ensure that land development is affected in conformity with the nation's development goals. Currently, the commission has the following divisions:

a. Land Valuation; and
b. Public and Vested Lands Management.
c. Land Registration;
d. Survey and Mapping**.**

The Land Valuation Division (LVD). Under the Program the institution that would have much functional role is the LVD because of its legal mandate as the government's authority to assess and or validate compensation for all government projects. The LVD is one of the four Divisions established under the Lands Commission Act 2008, Act 767. The LVD is responsible for all valuation services for the government, including assessing compensation resulting from land acquisition or damage to an asset in view of a government project. The Division keep rates for crops which are applicable nation-wide. The LVD operates at both national and regional levels and has offices in all the ten (10) regions of Ghana and 44 district offices. Currently, the district offices are more involved in rating valuation than with assessing compensation for government projects undertaken by the MMAs.

The LVDs valuation for compensation is based on market value approach for land and replacement value for houses and other properties damaged or destroyed as a result of compulsory acquisition. For crops, the enumeration approach is adopted and compensation is based on the economic life of tree crops such as cocoa, oil palm, citrus etc. Under current national laws resettlement and compensation can be claimed as a right only by persons with proprietary interests in the acquired lands. Ghanaian statute does not provide for the interest of squatters and encroachers living on a Right of Way (ROW) to be resettled except in instances where the Limitations Decree applies[28]. In practice, the EPA has insisted on resettlement cum compensation plans in respect of project affected persons, including squatters, as part of the EA requirements. This however seem to more applicable in the case of large scale resettlement such as occur in mining communities.

Under the LGCSP, the Land Valuation Division has not been actively involved in the preparation ARAPs for some reasons. Almost all the MMAs engaged private consultants to prepare their ARAPs. The LVD also keeps records of private sector certified property assessors (Valuers). In the proposed Program, MMAs should involve the Land Valuation Division in the preparation of ARAP particularly in the assessment and validation of land compensation, which is the mandate of the Division. This will ensure the payments for land are in accordance with the national standards and thus will not be rendered ineligible by the Audit Department.

The Public and Vested Lands Management Division of the Lands Commission (established by the Lands Commission Act, 2008, Act 767) is the principal land management organization of the government. All public land is vested in the President of Ghana and held in trust by him for the people of Ghana. The Public and Vested Lands Management Division manages all public land on behalf of the President. In each of the ten regions of Ghana, a branch, known as the Regional Lands Commission, performs the functions of the Lands Commission. In addition to managing public lands on behalf of government, its other mandates include among others: (i) Advise the government and local authorities on policy matters, and to ensure that the development of individual parcels of land is consistent with area development plans; and (ii) Advise on, and assist in the execution of a comprehensive program of land title registration. The acquisition of any rights of exclusive possession over public lands would necessitate discussions with the relevant Regional Lands Commission for a lease over the selected site.

[28] Under the Limitations Decree, 1975, 12 years adverse possession by squatters could grant them proprietary rights necessitating resettlement as a right in the event of such acquisitions. As to whether or not a person has been in adverse possession is a question of fact based on the evidentiary circumstances of each particular case.

Land Registration Division of the Lands Commission was established in 1986 as the Title Registration Advisory Board under Section 10 of the Land Title Registration Act, 1986. However, it was brought under the Lands Commission as the Lands Registration Division with the promulgation of the Lands Commission Act 2008, Act 767. The Division ensures registration of title to land and other interests in land; maintains land registers that contains records of land and other interests in land; ensures registration of deeds and other instruments affecting land, among other functions.

Survey and Mapping Division of the Lands Commission was established in 1962 under the Survey Act 1962, Act 127 as the Survey Department. The Department was brought under the Lands Commission as the Survey and Mapping Division with the promulgation of the Lands Commission Act 2008, Act 767. The Division supervises, regulates and controls the surveys and demarcation of land for the purposes of land use and land registration. It also supervises, regulates, controls and certifies the production of maps. It is responsible for planning all national surveys and mapping among other functions

4.2.2 Regional Level

EPA Regional Offices. 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, NRM, engineering, chemistry and social sciences. The Regional Offices receive and review EA applications, EMP/ESMP and issue environmental permits for subprojects within its threshold 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 directors of the Regional Offices report to the Deputy Executive Director of Field 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.

4.2.3 Program Level

Ministry of Local Government and Rural Development. The Program will be implemented by the Ministry of Local Government and Rural Development (MLGRD). The Policy, Planning, Budget, Monitoring and Evaluation (PPBME) Division of the MLGRD is the entity designated to manage the Program. The Director of the Division who heads the Program implementation Unit will also supervise the implementation of the investments/subprojects by the Metropolitan and Municipality Assemblies (MMAs). MLGRD, in close collaboration with the Environmental Protection Agency (EPA), will be responsible for (i) supporting the MMAs in screening subprojects and preparation of appropriate instruments based on EPA's requirements under the Environmental Assessment Regulations or LI 1652; (ii) supporting MMDAs in ensuring contractors comply with environmental and social measures during construction phase; (iii) delivering training and capacity building program for MMDAs to build and enhance their capacities to manage environmental and social impacts; and, (iv) monitor the implementation of MMDAs in implementing the environmental and social measures in subprojects, including abbreviated Resettlement Action Plan (ARAP).

The PPBMED of MLGRDP has hired an Environmental and Social (E & S) Specialist under the LGCSP and the same arrangement is envisaged under the Program. The E & S Specialist, in close collaboration with the Regional EPA has been responsible for (i) supporting the MMDAs in screening subprojects and preparation of appropriate instruments based on EPA's requirements under the Environmental Assessment Regulations or LI 1652; (ii) supporting MMAs in ensuring contractors comply with environmental and social measures

during construction phase; (iii) delivering training and capacity building program for MMDAs to build and enhance their capacities to manage environmental and social impacts; and, (iv) monitor the implementation of MMDAs in implementing the environmental and social measures in subprojects, including Abbreviated Resettlement Action Plan (ARAP).

However, with the anticipated scaling up of activities and investments under the Program, the E & S staffing at the PBME Department of MLGRD will need to be beefed up to enhance and improve support to MMAs. Specifically, there is a need to hire a Social Development Specialist/Resettlement Specialist to work in tandem with the existing E & S Specialist whose background and experience is more on environment.

There is also a need for the E & S Specialists to do more monitoring of safeguards compliance during Program implementation and conduct trainings to MMAs specifically the Safeguards Team of the MMA. This will help to improve screening, implementation of mitigation measures and reporting. The E & S Specialists should have dedicated budget for travel and supervision of MMAs.

MMA Safeguards Focal Point and Safeguards Team. At the MMA or subproject level, the Planning Officers have been designated as the Safeguards Focal Point/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 MMDA Works Engineer and Environmental Officers, where available. Although the MMAs have Gender desk officers do have 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.

District/Municipal/Metropolitan Assembly are by law designated as the planning authorities, charged with the overall development of districts (Local Governance Act 2016 [Act 936]). It is a requirement that local people (communities) participate in the formulation of the District Development Plans. A key feature of this Assembly System is the involvement of communities or zones or whole villages who elect their representatives (Assemblymen) to the Assembly. The structure of the Assembly comprises Unit Committees which are usually formed at the community levels, and the Urban/Town/Area Councils. Under the LGCSP the three (3) Mid-Term Development Plans, which are prepared and consulted on with the local communities, form the basis of selecting sub-project activities. The District Assemblies have limited role in the process of land acquisition but may assist and support communities in the inventory of PAPs.

Consultants and Contractors will be hired by the MMAs to prepare ESMPs and ARAPs and implement the works, respectively. Contractor's contract contains generic provisions on health and safety of workers and communities, proper housekeeping and implementation of relevant environmental codes of practices such as site restoration, sourcing of construction materials, securing relevant permits prior to construction, etc.

Section V: Program Institutional Capacity and Performance Assessment in Managing Environmental and Social Risks and Impacts

Findings are based on site visits to representative subprojects[29] in five MMAs[30] located in four Regions (Greater Accra, Cape Coast, Ashanti, Eastern Region) implemented under the LGCSP and discussions with PBME Department, National and Regional EPA, MMAs visited and contractors. The list of subprojects visited in given in Annex xx.

Based on a review of the documentation, field observations, detailed analysis of the environmental and social effects of the Program, and consultations and discussions with the relevant stakeholders, this section of the ESSA analyzes:

(i) the **relevance** of the system for the Program elements, or where it functions effectively and efficiently and is consistent with the Bank policy on Program for Results financing;
(ii) **Inconsistencies and gaps** between the principles used in the Bank policy on Program for Results financing and capacity constraints, for the system as it is written in the applicable laws and regulations, and operational performance in managing environment and social risks and impacts; and,
(iii) **Actions** to strengthen the existing system. Overall, the analysis is organized by the six Core Principles outlined in the Bank Policy: *Program for Results Financing* and synthesizes the main findings using the SWOT (Strengths-Weaknesses-Opportunities-Threats) applied to the PforR context in the following way:

- **Strengths** of the system, or where it functions effectively and efficiently and is consistent with *Program for Results Financing core principles*.
- Inconsistencies and gaps ("**weaknesses**") between the principles adopted in *Program for Results Financing* and capacity constraints.
- Actions ("**opportunities**") to strengthen the existing system.
  Risks ("**threats**") to the proposed actions designed to strengthen the system.

5.1 Findings of Management of the Program's Environmental Impacts and Risks

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.

Environmental and Social Screening

All proposed subprojects are subject to environmental and social screening to decide if a proposed subproject requires a full EIA, preliminary environmental report with ESMP, or no environmental assessment is needed. The MMAs use 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 WB), Schedule 1 of LI 1652 (Category B under WB). Those not falling within Schedule

[29] Subprojects visited include commercial center, public market, classroom blocks/school building, town park, access road, toilet facilities, bus terminal, court building, and abattoir.
[30] Ga West Municipality, Cape Coast Metropolitan, KEEA Municipality, Kumasi Metropolitan, New Juaben Municipality.

1 or Schedule 2 are outside the purview of LI 1652 and hence, are no covered and not required any assessment beyond screening (Category C under WB).

Schedule 1 subprojects are required to prepare a preliminary environmental report with environmental and social measures, while Schedule 2 subprojects are required to prepare and submit ESIA, which will be subject to consultations and public hearing. Consultations for Schedule 2 subprojects start from scoping and TOR drafting to when the draft ESIA report is made available to the public.

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.

Having said the above, the ESSA team noted a weakness in the Ghana's EA screening, which is based on threshold instead of using an impact-based approach. Thus, there are subprojects under the Program, which, by virtue of their small scale and rehabilitation in nature, are not required to prepare any assessment or plan beyond screening. Some of the subprojects that are outside LI 1652 and are not required to do an assessment and plan include rehabilitation or re-sealing of a few km road, construction of public markets, commercial centers, schools/classrooms and offices. This weakness needs to be addressed in the Program by improving the screening form and process and the EA Sectoral Guidelines for General Construction and Services Sector.

Analysis and avoidance of impact on natural habitats and cultural sites

As most subprojects only involve rehabilitation, expansion or extension within existing ROW and premises, adverse impacts on natural habitats and cultural resources are basically minimized, if not avoided. In addition, per LGCSP experience, MMAs avoid or not prioritized subprojects that would have adverse impacts on natural habitats and cultural resources to avoid the lengthy and expensive process of assessment and run the risk of missing the deadline and not meeting the targets and conditions for the next cycle of fund release.

Schedule 3 of LI 1652 (subprojects that affect natural habitats and cultural resources) seems to have been stringently applied by the EPA, hence MMAs are trying to avoid subprojects that would fall under Schedule 3 of LI 1652.

Assessment of impacts and identification of mitigation measures.

For subprojects falling under Schedule 1 LI 1652, preliminary environmental reports (PERs) and ESMPs have been prepared by MMAs with the help of consultants. The PERs include mitigation measures to address and manage environmental and social impacts identified in the preliminary assessment. PERs/ESMPs were prepared for some medium-scale subprojects but there were also many similar types that did not have any ESMPs, e.g., public markets, commercial centers. Based on the ESSA team's assessment, there is a tendency of MMA and EPA to under-screen subprojects in terms of EA requirements.

As mentioned above, there is a need to ensure that some of the subprojects under the Program that are required to have PERs per Schedule 1 and EA Sectoral Guidelines have prepared their PERs and ESMPs.

The ESSA Team also confirms that no subprojects with adverse impacts have been supported under LGCSP, a practice that will continue under the Program.

Implementation of Mitigation measures

Implementation of mitigation measures is the responsibility of the MMAs and their contractors. Based on review of ESMPs and contracts, the environmental mitigation cost is generally calculated on a lump sum basis based on generic provisions in the contract for health and safety, proper housekeeping and restoration

of sites after construction. Specific mitigation costs for various activities/ items are rarely included in the contract bid document. The lack of specific mitigation plan and lack of specific cost item in the bid document is an area that needs strengthening. Field observations of some of the selected ongoing subprojects under LGCSP carried out as part of this assessment reveals uneven environmental management and mitigation during construction period. Examples of good construction management measures observed on site include enclosures of construction sites, workers wearing and providing suitable temporary relocation sites for vendors, hawkers and drivers during construction usually very close to the area where construction activities are taking place. Areas that need improvement include proper management and housekeeping of the construction sites and ensuring community health and safety especially those that are near construction sites. While priority local hiring is practiced, this needs to be consistently enforced in contracts specifically for unskilled labor.

Environmental Monitoring

Environmental monitoring is the responsibility of the MMA, which is an area for further improvement. Regional EPA, as part of its mandate, especially for subprojects issued with environmental permit, should also be involved in monitoring.

5.2 Management of Social Impacts in urban programImpacts of Land Take and Compensation, including on those without titles

The risk of land acquisition and resettlement and loss of formal or informal livelihood related to civil work of subprojects is not expected to be significant but is a likelihood. Densely populated urban areas are likely to face more challenge than less dens ones. Project with large-scale displacement, i.e. 200 people and more, are ineligible for finance. Experience from LGCSP indicates that MMAs avoid subprojects that would involve land acquisition and resettlement, hence the tendency to prioritize subprojects operating within existing ROW or premises. That said, under LGCSP, there was minimal land acquisition and impacts were mainly temporary economic displacement of vendors, hawkers, drivers, etc. who need to move out from the construction sites. For this, ARAPs have been prepared by MMAs and appropriate temporary relocation sites have been provided to those temporarily affected.

One weakness noted by the ESSA Team, as observed in one MMA, is the exclusion of some PAPs in the ARAP. Moving forward, there is a need to make sure that 100% of PAPs are covered in the RAP and not only a segment of the PAPs. There is also a need to consistently and proactively involve the Land Valuation Division in the preparation of ARAP as the country's authority mandated to set compensation for PAPs. The compensation entitlements in the ARAPs prepared in almost all the MMAs were not validated by the LVD and this will have to be curtailed to avert potential ineligible expenditure queries from the relevant authorities. Another key weakness in Ghana's resettlement law is the non-recognition of illegal settlers or those without titles in any land compensation and resettlement assistance, including livelihood restoration. This is an area that is addressed by the LGCSP, which also needs to be addressed in the Program moving forward. The use of existing Resettlement Framework for LGCSP should address the gap.

Underserved People and Vulnerable groups

The Program was reviewed to determine if underserved people and vulnerable groups are present in the Project areas. At the outset, the ESSA team would like to confirm that there are no indigenous peoples or ethnic minorities in Ghana.

Identification of vulnerable groups and households, creation of employment opportunities in maintenance and management of small infrastructure, ensuring representation and active participation of vulnerable groups in continuous consultations and decision-making will be focused to address the risks related to excluding vulnerable groups. Furthermore, the design of subprojects will be gender and disabled friendly so

that buildings, drainage crossing, and other infrastructure facilities will be equally beneficial and accessible for all including the vulnerable groups.

In terms of gender-based violence, this would not be an issue under the Project as labor is mainly sourced locally and given the size of the contracts local contractors normally get the contract. That said, the Program will strengthen the capacity of MMAs to manage gender equality/social inclusion related risks by having clear guidelines and procedure in place (e.g., updating of EA Sectoral Guidelines) for clear procedures in identification of vulnerable household/people, assigning focal persons on gender and social development, provision of trainings , and implementation of other inclusion activities.

The Program will make sure that hiring of minors will be in accordance with the national law. Accordingly, contracts will include provisions along this line.

Grievance Redress

Grievance redress is an area that the Program needs to fully put in place and implement. Based on the site visits of MMAs participating LGCSP, the grievance redress system at the MMA level has found no records of complaints, status and resolution of those complaints, etc.

Under the LGCSP a Grievance Redress Mechanism (GRM) was outlined in the Resettlement Policy Framework but this remains non-functional as it was not effectively operationalized. Among others, no Grievance Redress Committees (GRC) have been set up to receive and resolve complaints, and no standalone and systematic documentations of complaints/grievances on the LGCSP. Similarly, no strategy exists for community and stakeholder consultations, although each policy for implementation by the Ministry has a component for engaging and with the citizenry. However, at the MMAs there are Client Services Units which serve as the main interface between the respective MMA and the public and receive complaints and provide feedback. Also at the MLGRD the Social Accountability Unit (SAU) has been set up to stimulate citizens demand for accountability. Thus, one of the core components of the unit is strengthening of social accountability through town hall meetings where the citizenry interacts directly with the public officers. There is therefore opportunity to operationalize a GRM within the MLGRD under the proposed Program.

The activities of the SAU will have to be institutionalized within the setup of the MLGRD and to be the umbrella department for grievance management. Staff of the SAU will be assessed for capacity to manage a grievance redress system for the Program. The assessment will determine the gaps in capacity that may require training to be able to operationalize the GRM that will be set up. The SAU will coordinate and collaborate with the MMAs on safeguards activities that relates complaints management. Staff at the SAU and focal officers at the MMAs will be trained requirements for GRM and stakeholder consultations, which will be key components of safeguards risk management.

Social conflict

The proposed program will not exacerbate social conflict nor will it operate in a fragile state context, a post conflict area, or areas subject to territorial disputes. The program is also designed to yield significant social benefits to all citizens and to improve distributional equity.

5.3 Key Areas for System Strengthening: Institutional capacity strengthening

The Program will be implemented in existing MMAs who participated under the ongoing LGCSP, who already have familiarity, experiences on the processes and procedures and implementation structure of the Program. There might be new MMAs who are new to the Program whose capacity will need to be built, alongside those who currently participate in LGCSP.

In particular, MMAs need to formalize their Environmental and Social Team with clear assignment of Focal and members and clearly described duties and responsibilities. The MMA Environmental and Social Team will need to undergo regular and sustained training on screening, preparation of PERs/ESMP and ARAP,

inclusion and costing of environmental and social measures in the bidding documents and contracting, environmental supervision, monitoring and reporting; and grievance redress, among others.

At the Executing Agency level, there is need to retain the current Environmental Specialist under LCGSP and to hire a Social Development Specialist to work with the Environmental Specialist, in providing technical support to the Environmental and Social Teams of MMAs, provide regular and sustained trainings and capacity building and to monitor the overall implementation of the Program in terms of management of environmental and social risks.

The Social Accountability Unit of MLGRD created under LGCSP should expand its mandate on grievance redress.

The Regional EPA and the Land Valuation Division also need to be fully engaged by MMAs and PPBMED in terms of screening subprojects, site validation and preparation of PERs/ESMPs and ARAPs.

The lack of clarity institutions involved in regulating and supervising land acquisition and resettlement will need to be assessed and addressed moving forward. Land acquisition and resettlement under the LGCSP has only resulted in minor social impacts requiring cash compensation and reinstatement of affected properties, which have all been manageable under applicable laws and regulations. The legal framework in the country is explicit about the institutional responsibilities for the acquisition of land for government projects and the assessment and approval of compensation for cash payments. Thus, the Public and Vested Land Management Division (PVLMD) and the Land Valuation Division (LVD) of the Lands Commission are tasked with the legal mandates for advising government institutions on land acquisitions and compensations respectively. What is not clear is the institutional responsibilities for managing large scale physical relocations requiring resettlement. Although the EPA has played an effective regulatory role when there is resettlement associated with mining activities, it is not clear if there were to be resettlement in urban areas which state institutions will play the lead role. Perhaps it may be the responsibilities of the respective MMAs, since these are the planning authorities (section 82 of the Local Governance Act 2016, Act 936). The Program will not be engaging in activities that are likely to result in the large scale physical resettlement of PAPs beyond what has already been implemented under the LGCSP, however as part of the new Program the capacity of the MLGRD and the MMAs will have to be enhanced to manage resettlement to ensure that there is adequate capacity available to manage the environmental and social risks and impacts that are often associated with physical resettlement of PAPs during Program implementation. This will require additional human resources and capacity building trainings.

Section VI: Consistency of the Program's Environmental and Social Management System with the Program for Results Financing Core Principles

The below section summarizes the assessment of the capacity of Program institutions to effectively implement the Program environmental and social management system as defined in various rules, procedures, and implementing guidelines consistent with the core principles of *Program for Results Financing*. As stated above the below summary discusses the applicability of the six core principles in terms of their Strengths, Weaknesses, Opportunities and Risks with respect to the policy and legal framework, the institutional context, and existing environment and social management procedures. The analysis below underpins the recommendations for action which have been provided in the next section (section VII).

Core Principle 1: General Principle of Environmental and Social Management

Environmental and social management procedures and processes are designed to (a) promote environmental and social sustainability in Program design; (b) avoid, minimize or mitigate against adverse impacts; and (c) promote informed decision-making relating to a Program's environmental and social effects.
Program procedures will: • Operate within an adequate legal and regulatory framework to guide environmental and social impact assessments at the Program level. • Incorporate recognized elements of environmental and social assessment good practice, including (a) early screening of potential effects; (b) consideration of strategic, technical, and site alternatives (including the "no action" alternative); (c) explicit assessment of potential induced, cumulative, and trans-boundary impacts; (d) identification of measures to mitigate adverse environmental or social impacts that cannot be otherwise avoided or minimized; (e) clear articulation of institutional responsibilities and resources to support implementation of plans; and (f) responsiveness and accountability through stakeholder consultation, timely dissemination of program information, and responsive grievance redress measures.
Applicability: Fully applicable • **Core Principle 1** is considered in terms of environmental and social management (ESM) for the sector during implementation the proposed Program, as a key instrument to establish and strengthen the existing environment and social management systems under the executing agency (MLGRD) and implementing units (MMAs). The principle becomes more relevant because the Program includes civil works related to construction of new infrastructure and rehabilitation, expansion or extension of existing infrastructure. • Like the ongoing LGCSP, the Program will continue catalyzing investments in urban infrastructure in MMAs. These investments are likely to have physical footprint with a varying degree of environmental and social impacts, though expected to be localized, manageable and temporary, requiring mitigation. • Certain type of urban investment, such as municipal roads, water supply and sanitation, abattoir, market for small business, etc. could potentially generate environmental and social impacts due to raw materials extraction; solid and liquid waste discharges; land acquisition; occupational health and safety for workers, as well as air and water pollution due to construction activities. • Required to undertake environmental and social assessment and implementing measures stated in the Environmental and Social Management Plan/Preliminary Environmental Reports to mitigate adverse environment and social impacts.
System Strengthen/Summary of Findings • EIA system provides a comprehensive framework for environmental and social screening, impact assessment and management consistent with the core principles outlined in Program for Results Financing.

- The Government of Ghana has solid environmental legal and policy framework in place to protect, conserve, and mitigate adverse impacts and has, a matter of fact, one of the oldest and most established EIA System in Africa.
- National and regional EPA are active and onboard to ensure compliance with EIA regulations.
- Existence of comprehensive standards and EA sectoral guidelines for key sectors covered by the Program (General Construction, Health, Energy, Tourism, Health Care and Veterinary Wastes, etc.).
- The current LGCSP has helped to develop capacity at MMA level for EIA and EMP preparation and implementation.
- Participating MMAs have put in place safeguard focal and team to screen subprojects, prepare instruments and implement measures.
- There is also a well-defined policy framework and structure through the Social Accountability Unit of the MLGRD to enhance transparency of the development Programs and projects.
- MMAs covered by LGCSP have put in place administrative body for grievance that redress complaints although this needs to be strengthened and made functional and operational.

Gaps

- The existing system excludes many subprojects under the Program because they are outside the threshold under Schedule 1 of LI 1652.
- There is limited guidance on screening for potential environmental and social impacts and risks for those subprojects outside threshold.
- Environmental screening checklists applied by LGCSP need to be upgraded to manage risks of subprojects outside Schedule 2 threshold.
- The quality of implementation of ESMP is inconsistent due to the weak capacity of MMAs – this represents a moderate to significant risk as without appropriate implementation capacity it is highly unlikely that the MMAs will properly manage environment mitigation measures. This risk will be addressed through training and capacity building support.
- Inadequate social staffing at the Executing Agency level (PPBMED – MLGRD).
- Shortage of transport facilities at the Executing Agency level to conduct monitoring and inspection of subprojects implemented by MMAs.
- Low budget allocation by the Program implementing institutions for environmental and social risk management.

Opportunities/Actions

- The Executing Agency (MLGRD) and implementing agencies (MMAs) have experience in implementing subprojects under LGCSP and are familiar with the processes, procedures and requirements.
- Presence of EA Sectoral Guidelines that cover sectors and thematic areas covered by the Program that can be updated to cover subprojects falling outside Schedule 1 of LI 1652.
- Updating of screening checklists used under LGCSP, manuals, and standard bid documents and contracts to ensure compliance with environment and social system within the Program.
- Strengthening of Country and MMA systems to manage environmental and social risks.
- Implement the E & S actions as part of the Program Action Plan.

Risks to the Program:

- Limited institutional capacity particularly in new MMAs and inability to manage environmental and social risks.
- No budget allocated and lack of commitment to implement E & S actions as part of the Program Action Plan.
- Stakeholder concerns will not be consistently taken into account in environmental, social and safety issues.
- Staffing and skills mix at the National (PPBMED) and MMA level are inadequate to handle environmental, social and safety management.
- **Risks are deemed: Moderate**

Core Principle 2: Natural Habitats and Physical Cultural Resources

Environmental and social management procedures and processes are designed to avoid, minimize, and mitigate against adverse effects on natural habitats and physical cultural resources resulting from Program.
As relevant, the Program to be supported: • Includes appropriate measures for early identification and screening of potentially important biodiversity and cultural resource areas. • Supports and promotes the conservation, maintenance, and rehabilitation of natural habitats; avoids the significant conversion or degradation of critical natural habitats, and if avoiding the significant conversion of natural habitats is not technically feasible, includes measures to mitigate or offset impacts or program activities. • Takes into account potential adverse effects on physical cultural property and, as warranted, provides adequate measures to avoid, minimize, or mitigate such effects.
Applicability: Limited • The provisions in Core Principle 2 are considered as part of the environmental and social management assessment process analyzed under Core Principle 1. The Program will not support investments that would either affect or convert critical natural habitats and will avoid conversion of natural habitat. • Activities funded through the Program will not generate adverse impact on natural habitats and physical and cultural resources since civil works will only be situated built up areas and within existing right-of-way and premises. • Expected to have a smaller physical footprint as scale of subprojects is small to medium due to financing constraints. • Construction and operation of a few infrastructures such as abattoir could pose some risk to natural habitats if not sited appropriately.
System Strengthen/Summary of Findings • National proclamation and EIA procedural guidelines are consistent with the principle of environmental protection. • Screening criteria for projects in national parks, areas containing endangered flora and fauna and cultural resources are established under Schedule 3 of LI 1652. • The existing legislation for EIA process considers impacts on natural habitats and physical cultural resources as mentioned in Schedule 3 of LI 1652. • Program will exclude subprojects that have adverse impacts on natural habitats and physical cultural resources.
Gaps • Weak enforcement of civil contracts and lax monitoring during construction. • Weak capacity to assess the potential impacts on the natural habitats and physical cultural resources. • During excavation works, known or unknown physical cultural resources like antiquities, relics of cultural and religious valued resources might not be properly identified and be affected.
Opportunities/Actions • Enforce exclusion list in the Program. • Allocate sufficient budget and resources for the identification and management of natural habitats and PCRs. • Improve the level of awareness on safeguarding threatened habitats and PCRs • Strengthen the screening procedures to include a check list to assess whether a subproject has the potential for disturbing and affecting a known cultural or religious site.
Risks: • Inability to screen subprojects and impacts on natural habitats and PCRs.

- Specific measures to manage impacts on PCRs and natural habitats are not included in the subproject cost.
- Lack of commitment and resources to implement E & S actions as part of the Program Action Plan.
- **Risk level: Moderate**

Core Principle 3: Public and Worker Safety

Environmental and social management procedures and processes are designed to protect public and worker safety against the potential risks associated with (a) construction and/or operations of facilities or other operational practices developed or promoted under the program; (b) exposure to toxic chemicals, hazardous wastes, and otherwise dangerous materials; and (c) reconstruction or rehabilitation of infrastructure located in areas prone to natural hazards.

- Promotes community, individual, and worker safety through the safe design, construction, operation, and maintenance of physical infrastructure, or in carrying out activities that may be dependent on such infrastructure with safety measures, inspections, or remedial works incorporated as needed.
- Promotes use of recognized good practice in the production, management, storage, transport, and disposal of hazardous materials generated through program construction or operations; and promotes use of integrated pest management practices to manage or reduce pests or disease vectors; and provides training for workers involved in the production, procurement, storage, transport, use, and disposal of hazardous chemicals in accordance with international guidelines and conventions.
- Includes measures to avoid, minimize, or mitigate community, individual, and worker risks when program activities are located within areas prone to natural hazards such as floods, hurricanes, earthquakes, or other severe weather or climate events.

Applicability: Fully applicable

- The provisions in Core Principle # 3 are considered as part of the ESIA process analyzed under Core Principle # 1.
- Rehabilitation, construction and operation of various MMA infrastructures expose the general public, as well as construction workers to risks such as dust, air pollution, noise, water pollution, solid waste and toxic or hazardous materials at sites during civil works, which directly or indirectly resulted in occupational safety impacts. Therefore, Core Principle 3 *is fully applicable* to the Program.

System Strengthen/Summary of Findings:

- There are national robust proclamations and guidelines addressing public and worker safety in the country.These cover a range of important aspects including environmental pollution control; labor laws; occupational health safety policies; and standards for workplace environmental emissions and discharges.
- Standard MMA contract conditions for contractors include provisions for public and worker safety, good housekeeping at the construction site and site restoration.

Gaps

- Standard government contracts and bid documents do not provide a cost breakdown of measures to manage health and safety of communities and workers. Cost is lump sum.
- Inconsistent and weak implementation of labor laws and health and safety standards.
- Weak or no supervision on safety management
- Limited capacity with technical person, safety materials provision, budget to conduct regular supervision on the compliance of national and international safety standards.
- Lack of awareness on public health and safety issues, particularly in relation to exposure to electrical and chemical hazards and workplace safety aspects in hazard prone areas

Opportunities/Actions

- Improve awareness and implementation capacity of MMAs and contractors on health and safety through trainings and orientations.
- Update the standard bid documents and contracts to spell out specific health and safety measures, including, where required, preparation and implementation of Contractor ESMP.

- Require contractors to prioritize recruitment of local labor.
- Include proper worker's conduct in their contract.
- Enforce health and safety provisions in the contract.
- Inclusion of appropriate requirements in civil works contracts and preparation of the required instruments like Waste Management Plan.
- Develop sound procedures for (i) construction site management, (ii) post construction site rehabilitation, and (iii) disposal of wastes and waste management.

Risks:

- Lack of enforcement of contract resulting to non-compliance and accidents and fatalities at the construction site.
- No penalty for erring contractors;
- Inability to ensure public and worker safety that may result in physical injuries, other unavoidable accidents and fatalities leading to loss of productive days and loss of life to the workers and public at and around the construction sites.
- Non-reporting of project-related accidents and fatalities and inaction on MMA and contractor.
- **Risk Level – Moderate**

Core Principle 4: Land Acquisition

Land acquisition and loss of access to natural resources are managed in a way that avoids or minimizes displacement, and affected people are assisted in improving, or at least restoring, their livelihoods, and living standards.

As relevant, the program to be supported:

- Avoids or minimizes land acquisition and related adverse impacts;
- Identifies and addresses economic and social impacts caused by land acquisition or loss of access to natural resources, including those affecting people who may lack full legal rights to assets or resources they use or occupy;
- Provides compensation sufficient to purchase replacement assets of equivalent value and to meet any necessary transitional expenses, paid prior to taking of land or restricting access;
- Provides supplemental livelihood improvement or restoration measures if taking of land causes loss of income-generating opportunity (e.g., loss of crop production or employment); and Restores or replaces public infrastructure and community services that may be adversely affected.

Applicability: Fully applicable

- Program involves physical works, although mostly confined to existing right of way and government-owned premises. However limited, the risk of land acquisition and displacement of people cannot be ruled out in some cases. Temporary economic displacement of vendors, hawkers, etc. is highly likely. The loss of access to natural resources is highly unlikely since the program will mainly focus urban/built up areas.
- However, it is important to note that the risk of land acquisition and displacement is likely to be slightly higher in some densely populated MMAs.

System Strength/Summary of Findings:

- A legal title holder is entitled to fair compensation of his/her land based on existing law.
- The amount of compensation for property is determined by a mandated agency, the Land Valuation Division.
- Program will exclude subprojects that involve large land acquisition and resettlement.
- MMAs/MMDAs prioritize subprojects that will not require or will minimize land acquisition and resettlement.
- A Resettlement Policy Framework exists under the LGCSP that can be adopted by the Program with some enhancement based on experience and lessons learned of LGCSP.
- Consultations with PAPs are conducted systematically by MMAs.
- Beneficiary-communities' willingness to donate small parcels of land to support development projects

Gaps:

- Existing law does not recognize squatters and those who have no titles and customary recognized rights to the land.
- Lack of institutional clarity where there is physical displacement requiring resettlement planning, including livelihood restoration.
- Limited capacity of MMAs to prepare acceptable ARAPs.
- Dearth of expertise to prepare ARAPs.
- Land Valuation Division is not engaged by MMA in the preparation of ARAPs under LGCSP. ARAPs are mainly out sourced to external consultants
- In some cases, physical works have started without fully implementing the ARAPs.
- Compensation is focused on cash payments for replacement of land and assets, not restoration of livelihoods. The legal framework does not explicitly state that livelihoods should be restored to previous levels or better.
- Inadequatetechnical capacity of the Program staff on the preparation and implementation of RAPs/ARAPs and other social management instruments such as livelihood restoration plans and GRMs.

Opportunities/Actions

- The capacity and staffing of MLGRD – PPBMED need to be improved. A Social Development Specialist will need to be hired prior to Program effectiveness to augment the existing capacity.
- Awareness of the leadership, experts and larger community should be raised specially with the newly-participating MMAs;
- The available RPF for LGCSP needs to be updated, consulted and disclosed prior to Program effectiveness.
- Relevant trainings to MMAs and Resettlement consultants based on RPF need to be provided regularly.
- Establishment of appropriate and transparent mechanisms for consultation and documentation in MMA. The Social Accountability Unit could be resourced to lead on this.
- Conduct an assessment/full study to fully understand the institutional arrangements for resettlement in the country and to recommend measures to address institutional deficiencies.
- The existing procedures for resettlement needs to be strengthened to include restoration of livelihoods of project affected people. This could be done by coordinating with other schemes of the government at the city level, which focuses on income restoration.
- Strengthening capacities to enforce implementation of RAP and other Instruments
- Develop a template to facilitate screening and due diligence documentation of land donations

Risks:

- Inability to rehabilitate and adequately compensate affected people while acquiring land for the construction works will adversely affect livelihoods and living standards of displaced people.
- However, given the limited scope of investment activities at the MMA level and the proper management of anticipated impacts of land acquisition and resettlement through the RPF, **these risks are deemed to be moderate to substantial**.

Core Principle 5: Indigenous Peoples and Vulnerable Groups

Due consideration is given to cultural appropriateness of, and equitable access to, program benefits giving special attention to rights and interests of Indigenous Peoples and to the needs or concerns of vulnerable groups.

As relevant, the program to be supported:

- Requires free, prior, and informed consultations if indigenous peoples are potentially affected (positively or negatively) to determine whether there is broad community support for the program.

- Ensures that indigenous peoples can participate in devising opportunities to benefit from exploitation of customary resources or indigenous knowledge, the latter (indigenous knowledge) to include the consent of the indigenous peoples.
- Gives attention to groups vulnerable to hardship or disadvantage, including as relevant the poor, the disabled, women and children, the elderly, or vulnerable ethnic groups. If necessary, special measures are taken to promote equitable access to program benefits

Applicability: **Partially Applicable**

There are no ethnic minorities/indigenous peoples in Ghana. However, there are likely to be marginalized and vulnerable groups including women, children, the elderly and PWD in the Program areas.

System strength/Summary of Findings:

- The Ghana Constitution, policies and laws recognize vulnerable groups and potential impacts of development interventions on these groups.
- Devolution of decision making powers to local governments for managing and coordinating the urban services in their area;
- Subprojects benefit women but more effort is needed to ensure sustainable and balanced benefit not only for woman but also other vulnerable groups.
- Multi government layered effort to mainstream interest of underserved / marginalized people and vulnerable groups.

Gaps

- Benefits of a development program need to be inclusive of the vulnerable including women, the elderly children and PWD in urban areas.
- Responsible organs (for instance Labor and Social Welfare, Gender and Children Affairs) do not participate during the preparation of the development plans of MMAs.
- Lack of awareness among leadership and professionals on the needs of vulnerable groups
- Limited capacity of the program implementers to benefit vulnerable groups from urban sector project in an inclusive manner
- Lack of clear guidance and procedures to manage inclusion of vulnerable groups.
- Lack of gender mainstream strategies to facilitate inclusion of gender equity in Programs

Opportunities/Actions

- Improve capacity of MMA in the identification of vulnerable groups and to consider their concerns in the design and implementation of activities under the Program;
- Build awareness of leadership and professionals on the needs of vulnerable and marginalized groups;
- Mainstream the interest of vulnerable groups and gender considerations in the preparation of long-term and short term development plans.
- Improve training and capacity building of vulnerable groups through extensive consultation so that the benefit of urban sector project could be inclusive of them;
- Make the organs responsible for the development and protection of Women, children, elderly and PWD as well as identified marginalized groups as an integral part of the urban development planning process
- Assign Social Development and Gender focal persons and train them to follow up planning, implementation, and monitoring of Gender equality and social inclusion issues.

Risks:

- Inability to improve inclusion of marginalized and vulnerable groups in delivery of urban services will adversely affect vulnerable populations especially women and children and people living with disabilities..
- However, given the design that considers inclusive development of Capital Investment Plan (CIP) considering concerns of vulnerable groups, as well as absence of ethnic minorities in the country, the **Risk Level is deemed to be Moderate**.

Core Principle 6: Social Conflict

Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.
Considers conflict risks, including distributional equity and cultural sensitivities.
Applicability: Not Applicable • The proposed Program will not exacerbate social conflict nor will it operate in a fragile state context, a post-conflict area or in areas subject territorial disputes. • The program is designed to yield significant social benefits to all citizens and to improve distributional equity of urban services.
System strengthen/ Findings: • Strengths listed with respect distributional equity under Core Principle 5 will apply.
Gaps: • Gaps listed with respect to distributional equity under Core Principle 5 will apply.
Opportunities/Actions Actions listed with respect to distributional equity under Core Principle 5 will apply.
Risks: Minimal

Section VII: Recommended Measures to Strengthen the Systems and Inputs to the Program Action Plan

The Implementation of LGCSP over the last five years has tremendously helped build the capacity of MMAs/MMDAs to provide quality infrastructure and services to their constituency in a more environmentally and socially friendly manner. Building on LGCSP, the GoG and the World Bank are preparing to launch the Program to further strengthen local government's institutional capacity to provide infrastructure and provision of services, promote good governance and consolidate and scale up the gains generated from LGCSP.

The analysis of Ghana's environmental and social systems to manage E & S risks for the Secondary Cities Support Program presented above identified Strengths, Gaps, Opportunities/Actions, and Risks. Based on the above assessment and findings, this section outlines the key recommended actions for improving the Program's social and environmental management systems, in particular, required to avoid, minimize and mitigate those risks, and the country systems in general by filling some of the gaps and challenges in the system and improving institutional processes, procedures and capacity. These actions for improving country systems have benefited a lot from the inputs of agencies involved in implementing the Program, regulatory agencies and diverse sets of stakeholders consulted at various stages of the assessment.

The ESSA Program Action Plan presents actions associated with the Core Principles of a Program for Results financing. The main areas for actions are: strengthening of the environmental and social assessment system; institutional capacity enhancement measures, reporting procedures, coordination, and awareness creation and resource allocations. The ESSA Action Plan will be embedded into the Program Action Plan. It is presented here to facilitate planning of action implementation and provision of Bank implementation support. The implementation of some of these measures will be enhanced by their integration into the overall Program Action Plan and legally incorporated into the financing agreement of the Program.

7.1 Environmental and Social Recommendations for the Program Action Plan

To manage potential impacts and risks, and to strengthen the country system for environmental, social, health & and safety management, particularly at MMA level, the ESSA recommends the following measures/actions. The Program will integrate these recommendations into the overall Program "Minimum Access Condition," and set of "Disbursement Linked Indicators (DLIs)".

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

Improving screening and updating EA Sectoral Guidelines: The environmental and social screening used under the LGCSP 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.

Adopting and updating a Resettlement Policy Framework used in the LGCSP to reflect the experiences and lessons learned, including identification of different types of PAPs, entitlement matrix that recognizes and provides entitlements to different kinds of PAPs, consultations and disclosure, monitoring & reporting and grievance redress.

Annual performance review and audit on environment and social management: As part of assessing MMAs request to access grant/financing from the Program, an E & S system 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 of reference and financing, while the on the second year onward the review will focus on environmental and social compliance, trainings and capacity building programs.

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 MMAs with support from the World Bank Safeguards Specialists.

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 MMAs and environmental and resettlement consultants and practitioners helping the MMA develop their ESMPs and ARAPs. An MOU between the MLGRD and EPA will be entered for the development and delivery of these trainings to MMAs, consultants, EPA and MLRGD staff.

Table 11: Summary of the Recommended E & S Action Plan to be integrated into the Program Action Plan

Issue/risk description	Action/Completion	Time Frame	Responsible Party	Instrument/Output
Inadequate E & S staffing and resourcing of the Program	1. Hiring of a Social Development Specialist at the Program Execution level in addition to the current Environmental Specialist under the LGCSP. 2. Establishing the E & S Team of MMA with clear terms of reference comprising of (i) Safeguards Focal person; (ii) 2-3 team members preferably from the Engineering, Health and	Prior to Program effectiveness Prior to accessing grants from the Program	MLGRD MMA/OHLGS in close collaboration with MLGRD	Specialists hired with clear terms of reference Issuance of Directive signed by the Head of the OHLGS to Chief Executive of MMA to establish the E & S Team with clear terms of reference

Issue/risk description	Action/Completion	Time Frame	Responsible Party	Instrument/Output
	Social Welfare Units of MMAs			
Subprojects are under-screened, have not been assessed and no plans	3. Update, issue and disseminate the environmental and social screening template used under the LGCSP to consider subprojects that are listed outside Schedule 1 of LI 1652 and to clarify the E & S requirements for those subprojects falling outside Schedule 1. 4. Update the EA Sectoral Guidelines for General Construction and Services Sector to reflect the minimum E & S requirements for subprojects falling outside Schedule 1 of LI 1652.	Prior to Program effectiveness	MLGRD; EPA/ OHLGS MLGRD; EPA/OHLGS	Issuance of the updated screening template form by /EPA Regional /District Offices Intensive sensitization of all key stakeholders at Regional and MMA levels Issuance of the Updated Sectoral Guidelines by the EPA MLGRD, MMAs and consultants
Some types of PAPs are excluded from ARAPs	5. Adopt aand update the Resettlement Policy Framework used in the LGCSP to reflect the experiences and lessons learned, including identification of different types of PAPs,	Prior to Program effectiveness	MLGRD; Land Valuation Division	Issuance of the updated RPF by MLGRD to all MMAs

Issue/risk description	Action/Completion	Time Frame	Responsible Party	Instrument/Output
	entitlement matrix that recognizes and provides entitlements to different kinds of PAPs, consultations and disclosure, monitoring & reporting and grievance redress.			
Streamline Compensation procedures that ensure the LVD validates assessed values before payment to PAPs	6. Develop guidelines to ensure that, where consultancy services are outsourced to Private entities for the preparation of ARAPs, there is clear directive and protocol for collaboration with the LVD.	Prior to Program Implementation	MLGRD/MMAs/LVD	Terms of Reference for ARAP consultancy services
Non-compliance of MMAs to Program E & S requirements	*7.* Annual E & S performance review of MMAs to validate existence of a functional E & S system and assess compliance.	Program implementation	MLGRD; EPA; Independent consultants	Terms of reference for the performance review Performance Review Report
Limited awareness and inconsistency of MMA in environment and social mgt., service delivery	8. Strengthen consultations, information disclosure and grievance redress by developing guidelines on consultations and	Year 1 of the Program	MLGRD; MMA in close collaboration with EPA/OHLGS MLGRD;	Guidance on Stakeholder Consultation and Engagement and grievance redress Records of grievances and

Issue/risk description	Action/Completion	Time Frame	Responsible Party	Instrument/Output
standards and measurement	stakeholder engagement; and grievance redress 9. Making MMA grievance redress functional and operational 10. Set up Grievance Redress Committees at the local level where Program activities are to be implemented in accordance with the structure developed in the approved RPF	Within six months of the Program	MMA MLGRD/MMA	resolutions of those grievances Implementation report with list of membership and training needs required
Inadequate E & S capacity	11. MOU with EPA Training Institute to develop and deliver training modules to MLGRD, EPA staff MMAs and their E & S consultants. 12. Development and delivery of training modules/ programs to include, at the minimum: (i) Environmental and Social Screening (ii) Use of EA sectoral guidelines (iii) Use of RPF and resettlement action planning (iv) Management of environment	Year 1 of the Program During Program implementation	MLGRD; EPA EPA; MLGRD	Signed MOU Training modules

Issue/risk description	Action/Completion	Time Frame	Responsible Party	Instrument/Output
	al and social impacts of construction (v) Health and safety at the construction site (vi) Environmental and social supervision monitoring and reporting (vii) Effective stakeholder consultation and engagement (viii) Effective and functional grievance redress			

Section VIII: Environmental and Social Risk Ratings

Based on the findings of the ESSA, as shown in the section on the analysis of the Consistency of the Program's Environmental and Social Management System with the Program for Results Financing Core Principles, below are the E & S risk ratings of the Program:

Environmental Risk Rating: This is rated *Moderate* mainly due to a good regulatory and institutional frameworks and systems on EA in the country that are able to manage environmental risks from the types of investments and scale and magnitude of impacts from subprojects 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.

Social Risk Rating: This is rated *Significant* 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 MMAs. EPA focusses more on environmental requirements and do not provide adequate checks on the social aspect of the relgulatory requirements. That said, the RPF under the LGCSP will be updated for use under the Program to manage social risks and impacts.

Section IX: Consultations and Disclosure of the ESSA

The multi-stakeholder consultations were held throughout the preparation and finalization of the ESSA. The first consultation was conducted on January 23-30, 2018 in five MMAs located in four Regions[31] mainly involving the Safeguards Teams and Focal Points and Contractors, MLGRD, PPBMED, National EPA and Regional EPA, the Land Valuation Division and Environmental and Social Practitioners. Another consultation, this time with a draft ESSA, took place on March 27, 2018 with select MMAs, EPA, MLGRD, Safeguard consultants and LGCSP-PIU. This was followed by another consultation with another set of MMAs on April 11, 2018. See in Annex 1 the list of people consulted.

Below is a summary of comments/questions during the consultations and team's responses. In addition, the EPA was actively involved in finalizing the E & S Action Plan.

Table 12. Questions raised during the consultations and ESSA team's responses.

No	Question/Concern/Suggestion	Response/ Answer	Remark
1	Need further explanation on why work has to be done before money is released to the Government	Releases are based on disbursement linked indicators	
2	The eligibility criteria of the population between 50,000 and 75,000 may not be met by all Municipalities	The final eligibility criteria may include consideration such as population, political and areas with over 60% urbanization associated with key challenging issues.	Any Municipal assembly that is excluded based on the eligibility criteria may benefit from other donor funded projects earmarked to support the assemblies
3	How do we address the caveat that investments with significant adverse impacts will be excluded in the program even though the Program is a development one	It is hoped that when sub-projects are screened, adequate and commensurate mitigation measures would be recommended to minimize the risk and impact	
4	Are all EPA approvals done at the HQ in Accra?	All schedule 1 projects are given approval at the Regional offices. Some projects are given approval within 5 days	
5	Assertion of weak GRM may not be entirely true	The assessment did however not find evidence of a functional GRM in the field	
6	The Assemblies do not want to legitimize squatters/illegal settlers who take up public spaces	The WB is not seeking to legitimize squatters/illegal settlers but only seeks to improve their livelihoods	
7	Who defines significant adverse impact and what does the overall E & S risk rating been substantial mean	The WB determines the impact rating. The final rating for the SESA is substantial because of the lack of clarity on the regulatory and institutional frameworks on resettlement	

[31] MMAs visited included: Ga West, Cape Coast, KEEA, Kumasi and New Juaben.

		and the lack of recognition squatters/illegal settlers	
8	It was recommended that additional staff recruited within EPA but the specific specialist was not mentioned	No particular specialist was recommended because of the broad nature and types of sub-projects envisaged	
9	It was noted that sub-project can include solid waste collection but landfill sites are not eligible under the program because these sub-projects are considered high risk		
10	Office of the Local Government Service is mandated to undertake generic training and will need collaboration from the MLGRD to undertake information dissemination and capacity building on technical issues to the regions and MMAs.	The MLGRD assured all stakeholders present at the workshop of the needed collaboration at the national, regional and MMA level.	
11	Do we a format for safeguards reporting	Yes, but reporting is low. An updated reporting format will be made available for the implementation of the project	

Annex 1: STAKEHOLDERS INTERVIEWED DURING ENVIRONMENTAL AND SOCIAL SYSTEMS ASSESSMENT MISSION

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Annex 2: Photo documents

25 January, 2017: INTERVIEW WITH CAPE COAST METROPOLITAN ASSEMBLY TECHNICAL STAFF, CAPE COAST, CENTRAL REGION

25 JANUARY 2018: CONSULTATIVE MEETING WITH CHIEF EXECUTIVE AND TECHNICAL STAFF OF KOMENDA-EDINA-EGUAFO-EBIREM MUNICIPAL ASSEMBLY, CENTRAL REGION

26 JANUARY2018: INTERVIEW WITH DRIVERS UNION EXECUTIVES (BENEFICIARIES OF TRANSPORT TERMINAL COMPLEX) AND SOME TECHNICAL STAFF OF KUMASI METROPOLITAN ASSEMBLY IN KUMASI, ASHANTI REGION